UNDERWRITING AGREEMENT

September 15, 2010

Armtec Holdings Limited
370 Speedvale Avenue West, Suite 3
Guelph, Ontario
N1H 7M7

Attention: Mr. Charles M. Phillips, President and Chief Executive Officer
Mr. James R. Newell, Chief Financial Officer

Dear Sirs:

Scotia Capital Inc. ("**Scotia**"), TD Securities Inc. ("**TD**"), BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., Macquarie Capital Markets Canada Ltd. and National Bank Financial Inc. (collectively, the "**Underwriters**") understand that Armtec Holdings Limited (the "**Issuer**") proposes to create, issue and sell $150,000,000 principal amount of 8.875% senior unsecured guaranteed notes of the Issuer (the "**Notes**") due September 22, 2017, having the material attributes described in the Preliminary Offering Memorandum and the Offering Memorandum, by way of private placement in Canada pursuant to the applicable exemptions set forth in NI 45-106 (the "**Offering**").

Based upon the foregoing and on the basis of the representations, warranties, covenants and agreements contained herein and subject to the terms and conditions set out below, the Underwriters hereby severally (and not jointly or jointly and severally) agree to purchase the Notes from the Issuer in the respective percentages set out in Section 14 of this Agreement, and the Issuer agrees to sell the Notes to the Underwriters.

Capitalized terms used but not defined above have the meanings ascribed to those terms in Section 1(1) of this Agreement.

1. Definitions.

(1) Where used in this Agreement, or in any amendment hereto, the following terms have the following meanings, respectively:

"**1933 Act**" means the United States *Securities Act of 1933*, as amended;

"**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended;

"**Affiliates**" means the Fund and its wholly-owned direct and indirect subsidiaries (excluding the Issuer);

"**Agreement**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Underwriting Agreement and not to any particular section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

"**Auditors**" means PricewaterhouseCoopers LLP, the auditors for the Issuer and the Fund;

"**Business Day**" means any day except Saturdays, Sundays and statutory holidays in the Province of Ontario;

"**CDS**" means CDS Clearing and Depository Services Inc. or any successors thereto;

"**Certificate**" means the book-entry-only certificate representing the Notes sold to Purchasers under the Securities Laws;

"**Claim**" has the meaning given to such term in Section 16(1);

"**Closing**" means the completion of the issue and sale by the Issuer of Notes pursuant to this Agreement;

"**Closing Date**" means September 22, 2010, but in any event no later than September 28, 2010, or such other date as may be agreed to in writing by the Issuer and the Underwriters, each acting reasonably;

"**Closing Time**" means 8:30 a.m. (Toronto Time) on the Closing Date, or any other time on the Closing Date as may be agreed to by the Issuer and the Underwriters;

"**Co-Lead Underwriters**" means, collectively, Scotia and TD;

"**Credit Agreement**" means the amended and restated credit agreement dated as of May 11, 2009, as amended on June 30, 2009, May 11, 2010 and June 29, 2010, among Armtec Operating Trust and the Issuer in its capacity as general partner of Armtec Limited Partnership, as borrowers, and a syndicate of Canadian financial institutions, as lenders, for a credit facility in an aggregate maximum principal amount of $273,000,000;

"**Defaulted Notes**" has the meaning given to such term in Section 14(2);

"**DBRS**" means DBRS Limited;

"**Directed Selling Efforts**" means "**directed selling efforts**" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Agreement, it means, subject to the exclusions from the definition of "directed selling efforts" contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Notes, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the Offering;

"**distribution**" means "**distribution**" or "**distribution to the public**", which terms have the meanings attributed thereto under the Securities Laws or any of them;

"**Encumbrance**" means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), title retention agreement or arrangement, restrictive covenant and any other encumbrances of any nature or any other arrangement or condition that in substance secures payment or performance of an obligation;

"**Environmental Laws**" has the meaning given to such term in Section 10(aa);

"**Financial Statements**" means (i) the Fund's audited consolidated financial statements together with the notes thereto and the Auditors' report thereon, as at and for the financial year ended December 31, 2008, (ii) the Fund's audited consolidated financial statements together with the notes thereto and the Auditors' report thereon, as at and for the financial year ended December 31, 2009, and (iii) the Fund's unaudited consolidated interim financial statements together with the notes thereto, as at and for the periods ended June 30, 2009 and 2010.

"**Fund**" means Armtec Infrastructure Income Fund;

"**Governmental Authority**" means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other Law, regulation or rule-making entity (including, without limitation, any stock exchange, securities regulatory authority, central bank, fiscal or monetary authority or authority regulating banks), having jurisdiction in the relevant circumstances;

"**including**" means including, without limitation;

"**Indemnified Party**" has the meaning given to such term in Section 16(1);

"Indemnifying Party" has the meaning given to such term in Section 16(1);

"**Indenture**" means the indenture to be entered into between the Issuer and the Indenture Trustee pursuant to which the Notes will be created and issued;

"**Indenture Trustee**" means Computershare Trust Company of Canada and any successor trustee appointed pursuant to the Indenture;

"**Issuer's Counsel**" means Fraser Milner Casgrain LLP, legal counsel for the Issuer;

"**Law**" means any and all laws, including all federal, state, provincial and local statutes, codes, ordinances, guidelines, decrees, rules, regulations and municipal by-laws and all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, orders, directives, decisions, rulings or awards or other requirements of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used;

"**Material Adverse Effect**" means any effect on or change in the Issuer or any of the Affiliates and their respective businesses and operations taken as a whole and as a going concern, that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, properties, capital, or income of the Issuer and the Affiliates and their respective businesses and operations taken as a whole, or that is materially adverse to the completion of the transactions contemplated by this Agreement;

"**material change**" means a change in the business, operations or capital of the Issuer and the Affiliates that could reasonably be expected to have a significant effect on the market price or value of the Issuer's securities and includes a decision to implement such a change made by the board of directors of the Issuer or the Affiliates, or by senior management of the Issuer who believe that confirmation of the decision by the board of directors of the Issuer is probable;

"**material fact**" means a fact that would reasonably be expected to have a significant effect on the market price or value of the securities of the Issuer;

"**misrepresentation**" means (i) an untrue statement of a material fact, or (ii) an omission to state a material fact that is required to be stated, or (iii) an omission to state a material fact that is necessary to be stated in order for a statement not to be misleading in light of the circumstances in which it was made;

"**New Credit Agreement**" means the credit agreement to be dated on or about the Closing Date between, among others, the Issuer, as borrower, and a syndicate of financial institutions, including The Bank of Nova Scotia, The Bank of Montreal and The Toronto-Dominion Bank, as lenders, as such may be amended or amended and restated from time to time, for a credit facility in an aggregate maximum principal amount of $250,000,000;

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities*;

"**NI 45-106**" means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

"**Notes**" has the meaning given to such term in the first paragraph of this Agreement;

"**Note Guarantee**" means a "Guarantee" by an Affiliate as defined and on the terms set forth in the Indenture, of the Issuer's obligations with respect to the Notes;

"**Offering**" has the meaning given to such term in the first paragraph of this Agreement;

"**Offering Jurisdictions**" means each of the provinces of Canada;

"**Offering Memorandum**" means the offering memorandum of the Issuer relating to the Notes dated September 15, 2010 pursuant to which the Notes will be offered for sale on a private placement basis under the Securities Laws;

"**Ordinary Course**" means, with respect to an action taken by a Person, that such action is consistent in all material respects with past practices of the Person and is taken in the ordinary course of normal day-to-day operations of the Person;

[Business sensitive information intentionally deleted];

"**Person**" means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

"**Preliminary Offering Memorandum**" means the preliminary offering memorandum of the Issuer relating to the Notes dated September 1, 2010;

"**Public Disclosure Documents**" means any information which has been filed on www.sedar.com by the Fund with the Securities Commissions pursuant to the Securities Laws, including, without limitation, the documents listed in the section titled "Documents Incorporated by Reference" in the Preliminary Offering Memorandum and the Offering Memorandum;

"**Purchaser**" means any Person who shall purchase Notes pursuant to the Offering;

"**Qualified Institutional Buyer**" means a "**qualified institutional buyer**" as that term is defined in Rule 144A;

"**Regulation D**" means Regulation D adopted by the SEC under the 1933 Act;

"**Regulation M**" means Regulation M adopted by the SEC under the 1934 Act;

"**Regulation S**" means Regulation S adopted by the SEC under the 1933 Act;

"**Rule 144A**" means Rule 144A under the 1933 Act;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies (Canada) Corporation;

"**SEC**" means the United States Securities and Exchange Commission;

"**Securities Commissions**" means the securities commissions or similar securities regulatory authorities in each of the Offering Jurisdictions;

"**Securities Laws**" means, collectively, all applicable securities laws in each of the Offering Jurisdictions and the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, multilateral or national instruments, orders, rulings and other regulatory instruments issued or adopted by each of the Securities Commissions;

"**senior management**", "**Chief Executive Officer**" and "**Chief Financial Officer**" means the senior management, Chief Executive Officer and Chief Financial Officer, respectively, of Armtec Limited Partnership which serve as the senior management, Chief Executive Officer and Chief Financial Officer, respectively, of, *inter alia*, the Fund and the Issuer, pursuant to an amended and restated administration agreement dated July 27, 2009;

"**Substantial U.S. Market Interest**" means "**substantial U.S. market interest**" as that term is defined in Regulation S;

"**Supplementary Material**" means, collectively, any amendment to the Preliminary Offering Memorandum, the Offering Memorandum, any amended or supplemental preliminary offering memorandum, offering memorandum or ancillary disclosure material, information, evidence, return, report, application, statement or document relating to the Offering;

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder;

"**to the best of its knowledge, information and belief**" in respect of the Issuer means to the knowledge of Charles M. Phillips, President and Chief Executive Officer of the Issuer and James R. Newell, Chief Financial Officer of the Issuer, after due enquiry;

"**Underwriters**" has the meaning given to such term in the first paragraph of this Agreement;

"**Underwriters' Counsel**" means Stikeman Elliott LLP, legal counsel for the Underwriters;

"**Underwriters' Fee**" has the meaning given to such term in Section 4;

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Certificate**" means the book-entry only certificate representing the Notes sold to Purchasers under the U.S. Securities Laws;

"**U.S. Offering Memorandum**" means the Preliminary Offering Memorandum or Offering Memorandum, as the case may be, together with the memorandum attached as Exhibit "2" to this Agreement, which will be delivered to purchasers and prospective purchasers, as the case may be, of the Notes under Rule 144A; and

"**U.S. Securities Laws**" means the 1933 Act, the 1934 Act and any other laws of the United States or any State therein applicable in connection with the offering for sale of the Notes.

(2) Unless otherwise indicated, all references to monetary amounts in this Agreement are to lawful money of Canada.

(3) Any reference in this Agreement to a schedule, section, paragraph, subsection, subparagraph, clause or subclause will refer to a schedule, section, paragraph, subsection, subparagraph, clause or subclause of this Agreement.

(4) The schedules hereto are incorporated into this Agreement by reference and are deemed to be a part hereof.

(5) Unless otherwise expressly provided in this Agreement, words importing the singular number include the plural and vice versa and words importing gender include all genders and the gender neutral.

2. Appointment of Underwriters.

Subject to the terms and conditions of this Agreement, the Underwriters hereby severally (and not jointly or jointly and severally) agree to purchase the Notes from the Issuer in the respective percentages set out in Section 14 of this Agreement and to solicit offers to purchase the Notes in the Offering Jurisdictions, and the Issuer agrees to sell the Notes to the Underwriters.

3. Creation and Issue of the Notes.

(1) The Issuer will duly and validly create, authorize and issue the Notes. The Notes will be created and issued under, and governed by, the Indenture and dated as of the Closing Date and shall have in all material respects the attributes and characteristics described in the Offering Memorandum and the Indenture.

(2) The Indenture and all other documentation establishing the attributes of the Notes shall be satisfactory in all material respects to the Underwriters and Underwriters' Counsel, acting reasonably.

4. Underwriters' Fee.

(1) In consideration of the services rendered and to be rendered by the Underwriters in connection with the Offering, including, without limitation: (i) acting as financial advisors to the Issuer; (ii) forming and managing banking, selling and other groups

for the sale of the Notes; (iii) advising on the final terms and conditions of the Notes; (iv) offering the Notes for sale; (iv) performing administrative work in connection with these matters; and (v) all other services arising out of this Agreement, the Issuer agrees to pay to the Underwriters at the Closing Time a fee equal to 2.0% of the gross proceeds received by the Issuer from the sale of Notes under the Offering (the "**Underwriters' Fee**").

(2) Scotia and TD, as Co-Lead Underwriters, will be entitled to 7.5% and 2.5%, respectively, of the Underwriters' Fee prior to any disbursements to the other Underwriters, with the remaining 90% being divided among the Underwriters pro rata based on the percentages set forth opposite each Underwriter's name in Section 14.

5. Sale on Exempt Basis.

(1) The Underwriters will offer the Notes only to such Purchasers and in such a manner that the sale of the Notes will be exempt from the prospectus and registration requirements of applicable Securities Laws. For greater certainty, each Purchaser in the Offering Jurisdictions shall purchase the Notes on the basis of the exemption available under Section 2.3 of NI 45-106. The Underwriters will not solicit offers to purchase or sell Notes outside of the Offering Jurisdictions unless such solicitation is made in accordance with applicable Law, and will not solicit offers to purchase or sell Notes so as to require the filing of a prospectus or any other document (other than Form 45-106F1 pursuant to NI 45-106 or any equivalent form in any Offering Jurisdiction) or so as to create any continuous disclosure obligations for the Issuer or the Fund with respect to the distribution of Notes under the laws of any jurisdiction, including, without limitation, the United States.

(2) The Issuer will file or cause to be filed all documents required to be filed by the Issuer in connection with the purchase and sale of the Notes so that the Offering may be effected in a manner exempt from the prospectus and registration requirements of the Securities Laws. Each Underwriter shall deliver to the Issuer as soon as practicable and, in any event, in sufficient time to allow the Issuer to comply with all Securities Laws and other regulatory requirements applicable in the Offering Jurisdictions, the full name, residential address or address for service, telephone number, corporate account number (if applicable), and the name and registered representative number of the Underwriter responsible for the purchase of, and the number of Notes offered to be purchased by, each Purchaser to whom such Underwriter has sold Notes.

(3) Neither the Issuer nor the Underwriters shall provide to prospective purchasers of the Notes any document or other material that would constitute an offering memorandum within the meaning of Securities Laws other than the Preliminary Offering Memorandum, the Offering Memorandum and any Supplementary Material, and the Offering will not be advertised in any newspaper, magazine, printed media or similar medium of general and regular paid circulation, broadcast

over radio or television or by means of the Internet (including but not limited to the websites of the Fund) and no seminar or meeting relating to the Offering whose attendees have been invited by general solicitation or advertising will be conducted.

(4) The Underwriters agree to observe the United States selling restrictions set forth in Section 18 hereof and the Issuer agrees for the benefit of the Underwriters to comply with the covenants as set forth in Section 18 hereof. Each Underwriter represents and agrees that it will not offer or sell any of the Notes within the United States except for offers and sales made in accordance with Rule 144A.

6. Due Diligence.

The Issuer shall allow the Underwriters and their counsel to conduct all due diligence investigations, including meeting with senior management of the Issuer and the Auditors, which in the opinion of the Underwriters are reasonably required in order to enable the Underwriters to fulfil their obligations hereunder and under Securities Laws.

7. Deliveries by the Issuer.

(1) The Issuer shall deliver to the Underwriters and Underwriters' Counsel, promptly upon the Co-Lead Underwriters' request:

(a) an electronic PDF version of the Preliminary Offering Memorandum once prepared, and such number of commercial copies of the Preliminary Offering Memorandum, the Offering Memorandum and the U.S. Offering Memorandum, once prepared, to such locations as the Co-Lead Underwriters may reasonably require by notice to the Issuer and electronic PDF versions thereof, once prepared; and

(b) copies of any other documents required to be signed and filed by the Issuer under any of the Securities Laws in connection with the Offering, which shall be completed in form and substance as required by such laws.

(2) The delivery of the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum and any Supplementary Material will constitute the Issuer's consent to the Underwriters' use of such material in connection with the Offering in accordance with the provisions of this Agreement.

8. Offering Documents.

(1) The delivery by the Issuer to the Underwriters of the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum and any Supplementary Material shall constitute the Issuer's representation and warranty to the Underwriters and the Purchasers that, at the time of such delivery:

(a) the information and statements contained therein (except information and statements furnished by, or relating solely to, the Underwriters) contain no misrepresentation regarding the Issuer, the Affiliates or the Notes; and

(b) the Preliminary Offering Memorandum, the Offering Memorandum and the U.S. Offering Memorandum comply and, upon the delivery thereof to the Underwriters, the Supplementary Material, if any, will comply with all applicable Securities Laws and U.S. Securities Laws.

9. Material Change.

(1) The Issuer will promptly inform the Underwriters during the period from the date of this Agreement until the completion of the distribution of the Notes of the full particulars of:

(a) any material change (whether actual, anticipated, contemplated, or proposed by, or threatened against the Issuer or any Affiliate);

(b) any change in any material fact contained in the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum or any Supplementary Material, or any event or state of facts that has occurred after the date hereof, which, in any case, is or may be of such a nature as to result in a misrepresentation therein;

(c) any material fact which arises which would have been required to be stated in the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum or any Supplementary Material had the fact arisen on or prior to the date of the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum or such Supplementary Material, as the case may be; or

(d) any order of any Securities Commission or the SEC preventing or suspending the use of the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum or any Supplementary Material, or preventing or suspending the Offering.

(2) The Issuer shall promptly comply, within any applicable time limitations, with all applicable filing and other requirements under all applicable Securities Laws and U.S. Securities Laws in connection with the matters referred to in Subsections (a) to (d) of Section 9(1) and shall prepare an amendment of or supplement to the Offering Memorandum, the U.S. Offering Memorandum or any Supplementary Material, provided that the Offering Memorandum, the U.S. Offering Memorandum and the Supplementary Material, if any, shall be in form and substance satisfactory to the Underwriters. The Issuer shall not file or distribute any documents relating thereto without first consulting with the Underwriters with respect to the form and content thereof. The Issuer shall in good faith first discuss with the Underwriters any

change in circumstances (actual, anticipated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether notice need be given to the Underwriters pursuant to this Section 9.

10. Representations and Warranties of the Issuer.

The Issuer represents and warrants to the Underwriters, and acknowledges that the Underwriters are relying on such representations and warranties in entering into this Agreement, that, as of the date hereof:

(a) the Issuer is a corporation duly incorporated and validly existing under the laws of Ontario and has the corporate power and authority to own, lease and operate its properties and assets, to carry on its business as it is currently conducted and proposed to be conducted, to undertake the Offering and to enter into and perform its obligations under this Agreement and the Indenture;

(b) the authorized capital of the Issuer consists of an unlimited number of preferred shares, issuable in series, 2,067,073 Preferred Shares, Series 1 and an unlimited number of common shares, of which, as at the date hereof, 100 common shares and 1,275,928 Preferred Shares, Series 1 are issued and outstanding and are owned beneficially and of record by Armtec AEP GP Limited, on behalf of Armtec Exchangeable Partnership, free and clear of Encumbrances except for the pledge thereof to the lenders under the Credit Agreement;

(c) each of the Affiliates is duly formed or incorporated and validly existing under the laws of its jurisdiction of incorporation or formation, as applicable, and has the power and authority to own, lease and operate its properties and assets, to carry on its business as it is currently conducted and proposed to be conducted and to enter into and perform its respective obligations under the Note Guarantees, as applicable;

(d) no Person has any written or oral agreement or option, or right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement (including convertible securities or warrants, except for convertible securities or warrants which are disclosed in the Financial Statements or in the Offering Memorandum) for the purchase, subscription or issuance of (i) any common shares or other securities of the Issuer, or (ii) any other property or assets of the Issuer or any of the Affiliates, other than inventory sold in the Ordinary Course, **[Business sensitive information intentionally deleted]**;

(e) each of the Issuer and the Affiliates (i) has conducted and is conducting its business in compliance with all applicable Laws of each jurisdiction in which its business is carried on, other than acts of non-compliance that individually or in the aggregate would not have a Material Adverse Effect, and (ii) is duly licensed, registered or qualified in all jurisdictions in which it owns, leases or operates its property or carries on business where such license, registration or qualification is necessary to enable its business to be carried on as it is now conducted and its property and assets to be owned, leased or operated, except where the failure to be so licensed, registered or qualified would not, individually or in the aggregate, have a Material Adverse Effect, and all such licenses, registrations or qualifications are valid and existing and in good standing and no such licence, permit, consent, registration or authorization contains any term, provision, condition or limitation which would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect;

(f) the Issuer has full power and authority to issue the Notes and (i) upon execution and delivery of the Indenture, the Notes will have been duly and validly authorized for issue, and (ii) at the Closing Time, the Notes will have been duly and validly created and issued by the Issuer;

(g) prior to the Closing Time, the form and terms of the Certificate and the U.S. Certificate will have been approved and adopted by the Issuer and will comply with all legal requirements and will not conflict with the Indenture;

(h) all necessary corporate action has been taken by the Issuer to authorize the delivery of the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum and the Supplementary Material, if any, and to authorize the execution, delivery and performance by the Issuer of this Agreement, the Indenture and the Notes;

(i) each of this Agreement and the Indenture and the consummation of the transactions contemplated herein and therein and the Notes has been, or will be at the Closing Time, duly authorized, executed and delivered by the Issuer and, in the case of the Notes, will be duly certified by the Indenture Trustee, and each is, or at the Closing Time will constitute, a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought;

(j) the Issuer is not in violation of, and the execution, delivery and performance by the Issuer of, this Agreement and the Indenture, and the consummation by the Issuer of the transactions contemplated herein and therein will not result in any breach or violation of, or be in conflict with, or constitute a default under, or create a state of facts which after notice or lapse of time, or both, would constitute a default under, or give rise to a right of termination, cancellation, modification or the acceleration of any obligation or to the loss of any benefit under (i) any term or provision of the constating documents of the Issuer, (ii) any resolution of the directors or securityholders of the Issuer, (iii) any material contract, mortgage, note, indenture, joint venture or partnership arrangement, agreement (written or oral), instrument or lease of the Issuer or any of the Affiliates, (iv) any Law applicable to the Issuer, except, in the case of (iii) and (iv) above, for such breaches, violations, rights or losses that, individually or in the aggregate, would not have a Material Adverse Effect;

(k) the Financial Statements indicate fairly, in all material respects, the consolidated financial position of the Issuer, the Fund and the other Affiliates, as the case may be, as of the dates indicated, and the results of their operations and their cash flows for the periods therein specified, and such Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis;

(l) there are no other material liabilities of the Issuer or the Affiliates (absolute, accrued, contingent or otherwise), except as disclosed in the Financial Statements, and there has been no material change (whether actual, anticipated, contemplated or threatened, financial or otherwise) since the date of the most recent Financial Statements which may have a Material Adverse Effect;

(m) the Fund is in compliance and has complied with its timely disclosure and other obligations under the Securities Laws of each Offering Jurisdiction and the rules and policies of the Toronto Stock Exchange;

(n) the Fund's Public Disclosure Documents complied in all material respects with Securities Laws at the time they were filed and such Public Disclosure Documents were true and correct in all material respects and contained no misrepresentation at the time they were filed;

(o) neither the Issuer nor any of the Affiliates has (i) made an assignment in favour of its creditors nor a proposal in bankruptcy to its creditors or any class thereof, nor has any petition for a receiving order been presented in respect of it, or (ii) initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver has been appointed in respect of the Issuer, the Affiliates or any of their respective assets and no execution or distress has been levied upon any of their assets;

(p) no consent, approval, authorization, order, registration or qualification of or with any Governmental Authority is required for the sale and delivery of the Notes or the consummation by the Issuer and of its obligations under this Agreement and the Indenture, as applicable, except those which shall have been obtained prior to the Closing Time;

(q) the rights, privileges, restrictions and conditions evidenced by the Notes are accurately summarized in all material respects in the Preliminary Offering Memorandum, the Offering Memorandum and the Supplementary Material, if any;

(r) all of the documents, opinions, appraisals, valuations and other information provided to the Underwriters or Underwriters' Counsel by or on behalf of the Issuer relating to the Issuer or the Affiliates, or its or their business, assets, property or liabilities, including, without limitation, all financial and operational information (the "**Information**"), is complete and accurate in all material respects, and none of the Information contains, to the best of the knowledge of the Issuer, any misrepresentation likely to have a Material Adverse Effect;

(s) the information and statements (except information and statements furnished by, or relating solely to, the Underwriters) contained in the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum and the Supplementary Material, if any, are and shall at the Closing Time be true in all material respects and contain no misrepresentation;

(t) the assets of the Issuer and the Affiliates as reflected in the Financial Statements, subject to (i) acquisitions and sales of assets in the Ordinary Course since the date of the most recent Financial Statements or as reflected in the Offering Memorandum, and (ii) **[Business sensitive information intentionally deleted]**, are available to discharge the obligations of the creditors of the Issuer and the Affiliates, including, without limitation, the obligation to repay the Notes and the interest payments thereon and to guarantee such payments, subject only to the rights of secured creditors of the Issuer and the Affiliates, including the lenders under the Credit Agreement and as of the Closing, the New Credit Agreement;

(u) except for the Underwriters, there is no Person acting or purporting to act at the request of the Issuer who is entitled to any brokerage or finder's fee in connection with the sale of the Notes;

(v) Computershare Trust Company of Canada has been or will be duly appointed as the Indenture Trustee for the Notes at or prior to the Closing Time;

(w) the Issuer will apply the gross proceeds from the issue and sale of the Notes pursuant to the Offering in accordance with the description set forth in the Offering Memorandum;

(x) except as disclosed in the Offering Memorandum, the Issuer owns no securities of any other corporation or entity;

(y) to the best of its knowledge, information and belief, the Issuer is not aware of any Law or governmental position or change in Law or change in governmental position which it anticipates may have a Material Adverse Effect;

(z) neither the Issuer nor any of the Affiliates owes any amount to, nor has the Issuer or any Affiliate made any present loans to, or borrowed any amount from or is otherwise indebted to, any officer, director, securityholder (except for a non-affiliated securityholder of the Fund) or employee of any of them or any Person not dealing at "arm's-length" (as such term is defined in the Tax Act) with any of them except for usual employee reimbursements and compensation paid in the Ordinary Course. Except for usual employee or consulting arrangements made in the Ordinary Course, neither the Issuer nor any Affiliate is a party to any contract, agreement or understanding with any officer, director, securityholder (except for a non-affiliated securityholder of the Fund) or employee of any of them or any other Person not dealing at arm's-length with the Issuer and any of the Affiliates;

(aa) except as publicly disclosed and except as would not, individually or in the aggregate, have a Material Adverse Effect, the Issuer and each of the Affiliates is (i) in compliance with any and all applicable Laws relating to the protection of human health and safety, the environment or hazardous or toxins substances or wastes, pollutants or contaminants ("**Environmental Laws**"); (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business; and (iii) is in compliance with all terms and conditions of any such permit, license or approval;

(bb) there are no actions, suits, proceedings, inquiries or investigations pending, in progress, threatened or contemplated against or affecting the Issuer, the Affiliates, or, to the best of the knowledge, information and belief of the Issuer or the Affiliates, as applicable, any of their officers, directors, unitholders or securityholders, or to which any property, rights or assets of any such party are subject, at law or in equity or before or by any Governmental Authority, domestic or foreign, which if decided adversely to such party would have a Material Adverse Effect. None of the Issuer, the Affiliates, or, to the best of the knowledge, information and belief of the Issuer or the Affiliates, as applicable, any of their officers, directors, unitholders or securityholders is subject to any judgment, injunction, rule, order or decree of any court or Governmental Authority entered in any lawsuit or proceeding nor has the Issuer or the Affiliates settled any claim prior to being prosecuted in respect of it, except in each case that would not have a Material Adverse Effect;

(cc) the Issuer and the Affiliates have obtained insurance policies with responsible insurers as are appropriate to their business in such amounts and against such risks as are customarily carried and insured against by comparable businesses, and all such insurance policies are in full force and effect and the Issuer and the Affiliates are not in default with respect to any of the provisions contained in such insurance policies and have not failed to give any notice or present any claim under any such insurance policy in due and timely fashion;

(dd) no material labour dispute exists with the employees of the Issuer or the Affiliates, or, to the best of the knowledge, information and belief of the Issuer, is imminent;

(ee) each of the Issuer and the Affiliates is, or prior to Closing will be, current and up-to-date with all filings required to be made by each of them under applicable Laws, including, without limitation, all tax returns, declarations, remittances and filings or has requested extensions thereof (except in the case in which the failure to do so would not have a Material Adverse Effect) and has paid or remitted all taxes required to be paid or remitted and any other assessment, fine or penalty levied against the Issuer or the Affiliates, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith;

(ff) no domestic or foreign taxation authority has asserted or, to the best of the knowledge, information and belief of the Issuer, threatened to assert any assessment, claim or liability for taxes due or to become due in connection with any review or examination of the tax returns of the Issuer or the Affiliates (including, without limitation, any predecessor companies) filed for any year which would have a Material Adverse Effect;

(gg) the corporate records and minute books of the Issuer and the Affiliates are materially complete and accurate in accordance with all applicable Laws. The share certificate books, register of securityholders, register of transfers and register of directors and any similar corporate records of the Issuer and the Affiliates are complete and accurate in all material respects;

(hh) the Fund is in compliance with the normal growth guidelines issued by the Department of Finance on December 15, 2006, as amended, and the same will be true immediately after the Closing Time; and

(ii) neither the Fund nor any other Affiliate is currently subject to, and the completion of the Offering will not cause the Fund or any other Affiliate to become subject to, entity level taxation pursuant to the SIFT rules in sections 122, 122.1 and 197 of the Tax Act.

11. Covenants.

The Issuer hereby covenants and agrees that:

(a) it will use its best efforts to promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Underwriters may reasonably require (or which may be required pursuant to Securities Laws or U.S. Securities Laws) from time to time for the purpose of giving effect to this Agreement and the Indenture and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement and the Indenture and the transactions contemplated hereunder and thereunder;

(b) the Issuer will not, and the Issuer will cause the Affiliates not to, directly or indirectly authorize, sell or issue or negotiate, announce or enter into an agreement to sell or issue any of its securities, including debt securities, whether convertible or non-convertible, as the case may be, without the prior written consent of the Co-Lead Underwriters, on behalf of the Underwriters, such consent not to be unreasonably withheld, for a period beginning on the date hereof until the date that is 90 days after the Closing Date, other than: (i) pursuant to this Offering; (ii) upon the exercise of convertible securities, options or warrants of the Issuer or the Affiliates outstanding at the date hereof; or (iii) pursuant to any security option plan, employee purchase plan or other compensation plan of the Issuer or the Affiliates in existence as of the date hereof;

(c) the Issuer will use its commercially reasonable efforts to obtain a confirmation of credit rating for the Notes from DBRS Limited and S&P of BB and B, respectively, prior to Closing confirming the issuance of such ratings upon Closing;

(d) the Issuer will use its commercially reasonable efforts to fulfill or cause to be fulfilled, at or prior to the Closing Date, each of the conditions set out in Section 13 of this Agreement; and

(e) in the event that the Fund is no longer a reporting issuer in Canada, the Issuer will deliver to each of the Underwriters the interim and annual consolidated financial statements of the Fund in respect of each interim period and financial year ending after the Closing Date and prior to the stated maturity of the Notes.

12. Closing.

(1) The Closing will be completed at the Closing Time at the offices of the Issuer's Counsel in Toronto, Ontario, or at such other place and time as the Underwriters and the Issuer agree upon.

(2) At the Closing Time, and subject to the terms and conditions contained in this Agreement, the Issuer will deliver to the Co-Lead Underwriters, on behalf of the Underwriters and for the respective accounts of the Underwriters, the Certificate

(and in the event that any Notes are sold in accordance with Rule 144A under the 1933 Act, the U.S. Certificate), duly executed and certificated in the manner contemplated by the Indenture and against delivery by the Co-Lead Underwriters, on behalf of the Underwriters, of the purchase price for such Notes, payable in cash, by certified cheque or wire transfer, pursuant to instructions provided by the Issuer to the Co-Lead Underwriters or as the Issuer may otherwise direct, less the amount of the Underwriters' Fee and the Underwriters' expenses as set forth in Section 19.

13. Conditions of Closing.

The Underwriters' obligations hereunder shall be subject to the following conditions:

(a) the Issuer will have complied with all obligations and covenants contained in this Agreement and satisfied all terms and conditions contained in this Agreement to be complied with and satisfied by it at or prior to the Closing Time;

(b) the representations and warranties of the Issuer contained in this Agreement will be true and correct in all material respects as of the Closing Date as if made as of such date (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct in all material respects as of that date);

(c) the Underwriters shall have received at the Closing Time, a certificate dated the Closing Date, addressed to the Underwriters and Underwriters' Counsel and signed by the Chief Executive Officer and the Chief Financial Officer of the Issuer, with respect to the constating documents of the Issuer, all resolutions of the board of directors of the Issuer relating to the Notes, this Agreement and the Indenture and the transactions contemplated hereby and thereby, as applicable, and the incumbency and specimen signatures of the signing officers relating to this Agreement, the Indenture and the Certificate (and in the event that any Notes are sold in accordance with Rule 144A under the 1933 Act, the U.S. Certificate);

(d) the Underwriters shall have received at the Closing Time, a certificate or certificates dated the Closing Date, addressed to the Underwriters and Underwriters' Counsel and signed by the Chief Executive Officer and the Chief Financial Officer of the Issuer, certifying for and on behalf of the Issuer that:

(i) since the date of this Agreement (A) there has been no material change (actual, anticipated, contemplated or, to the knowledge of such officers, threatened, whether financial or otherwise), and (B) no transaction has been entered into by the Issuer or any of the Affiliates which is material to the Issuer or any of the Affiliates, except as disclosed in the Preliminary Offering Memorandum, the Offering Memorandum or the Supplementary Material, if any;

(ii) the Issuer has complied in all material respects with all obligations and covenants contained in this Agreement and satisfied all terms and conditions contained in this Agreement to be complied with and satisfied by it at or prior to the Closing Time;

(iii) the representations and warranties of the Issuer contained in this Agreement and the Indenture are true and correct in all material respects as of the Closing Date, with the same force and effect as if made at and as of the Closing Time after giving effect to the transactions contemplated hereby and thereby (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct in all material respects as of that date);

(iv) all information and statements contained in the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum and any Supplementary Material (except information and statements furnished by or relating solely to the Underwriters for use therein) are, as at the Closing Time, true and correct in all material respects and contain no misrepresentations;

(v) no order, ruling or determination having the effect of suspending the sale or ceasing or suspending trading in the Notes has been issued by any Securities Commission, the SEC or any other regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted and are continuing or are pending or, to the best of the knowledge, information and belief of such signatories, are contemplated or threatened as of the Closing Time;

(vi) there is no action, suit, proceeding or inquiry pending, in progress or, to the knowledge of the Issuer, threatened against or affecting the Issuer and the Affiliates or, to the knowledge of the Issuer, any of their officers, directors, unitholders or securityholders, or to which any property, rights or assets of any such party are subject, at law or in equity or before or by any Governmental Authority, domestic or foreign, which may have a Material Adverse Effect; and

(vii) no event of default under any material agreement or instrument pursuant to which indebtedness of the Issuer or the Affiliates has been created, and no event which with the giving of notice or the passage of time, or both, would constitute an event of default under any such agreement or instrument, has occurred and is continuing and no default under any agreement or instrument to which the

Issuer or an Affiliate is a party or subject will occur as a result of the issue, sale and distribution of the Notes, the entry into of this Agreement or the Indenture, or the performance by the Issuer of its obligations hereunder or thereunder; and

(viii) such other matters as the Underwriters may reasonably request,

(e) the Underwriters shall have received at the Closing Time a favourable legal opinion of Issuer's Counsel, addressed to the Underwriters and Underwriters' Counsel and dated the Closing Date, in form and substance satisfactory to Underwriters' Counsel, acting reasonably, and based and relying on such assumptions and qualifications acceptable to Underwriters' Counsel, acting reasonably, as to the following matters:

(i) the (A) incorporation, formation and existence of the Issuer and each of the Affiliates under the laws of its jurisdiction of incorporation or formation, as applicable, and (B) the power and capacity of the Issuer and each Affiliate to own, lease or operate its properties and assets and carry on its business as described in the Offering Memorandum;

(ii) the authorized, outstanding and issued capital of the Issuer and the registered ownership of the outstanding shares of the Issuer;

(iii) the Issuer having all requisite corporate power, capacity and authority to carry out its obligations under and the transactions contemplated by this Agreement and the Indenture, and to carry out the obligations of the Issuer under this Agreement and the Indenture;

(iv) all necessary corporate action having been taken by the Issuer in accordance with the provisions of the Issuer's constating document to authorize the delivery of the Preliminary Offering Memorandum, the Offering Memorandum, the U.S. Offering Memorandum and the Supplementary Material, if any, and to authorize the execution, delivery and performance by the Issuer of this Agreement, the Indenture and the Notes;

(v) the form and terms of the Certificate (and in the event that any Notes are sold in accordance with Rule 144A under the 1933 Act, the U.S. Certificate) having been approved and adopted by the Issuer and not conflicting with the Indenture, and when the Certificate(s) is duly executed by the Issuer and duly and validly certified by the Trustee and delivered to and paid for by the Underwriters, the Notes represented by the Certificate(s) shall be validly issued by the Issuer;

(vi) the attributes of the Notes being consistent in all material respects with the description thereof in the Offering Memorandum and, if applicable, any Supplementary Material;

(vii) the holders of the Notes being entitled to the benefit of the Indenture, and no registration, filing or recording of, or with respect to, the Indenture being necessary in order to preserve or protect the validity or enforceability of the Indenture or the Notes issued under the Indenture;

(viii) this Agreement and the Indenture having been duly authorized and executed and delivered by the Issuer, and the Certificate (and in the event that any Notes are sold in accordance with Rule 144A under the 1933 Act, the U.S. Certificate) having been duly executed and delivered by the Issuer and duly certified by the Indenture Trustee, and each constituting a legal, valid and binding agreement enforceable against the Issuer, as the case may be, in accordance with their terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other Laws affecting creditors' rights generally and except as limited by the application of equitable principles when equitable remedies are sought and such other customary qualifications as may be acceptable to Underwriters' Counsel, acting reasonably;

(ix) none of the execution and delivery of this Agreement and the Indenture or the performance by the Issuer of its obligations hereunder or thereunder or the issuance of the Notes, conflicting with or resulting in any breach of the constating documents of the Issuer or any applicable Law;

(x) Computershare Trust Company of Canada having been duly appointed as the Indenture Trustee;

(xi) the offering, issue, sale and delivery of the Notes by the Issuer in accordance with this Agreement having been effected in such a manner as to be exempt from the prospectus requirements of applicable Securities Laws and the only filing, proceeding, approval, permit, consent or authorization required to be made, taken or obtained under the Securities Laws to permit the offering, issue, sale and delivery of the Notes to the Purchasers is the filing with the applicable Securities Commissions of a report in Form 45-106F1, as and within the time periods prescribed by NI 45-106, prepared and executed in accordance with applicable Securities Laws, together with the requisite filing fees and in specific Offering Jurisdictions, the delivery of the Offering Memorandum to the Securities Commission thereof;

(xii) no prospectus will be required, no other document will be required to be filed, no proceeding will be required to be taken and no approval, permit, consent, order or authorization of any Governmental

Authority will be required to be obtained under Securities Laws to permit the first trade of the Notes through registrants registered in a category permitting them to trade such securities under Securities Laws who are in compliance therewith, provided that:

(1) at the time of such first trade, the Issuer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

(2) at the time of such first trade, at least four months have elapsed from the "distribution date" (as defined in NI 45-102) of the Notes;

(3) the certificates representing the Notes carry a legend stating : "Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is four months and a day after the later of (i) the "distribution date", and (ii) the date the Issuer becomes a reporting issuer in a jurisdiction of Canada"; or, if the Notes are entered into a direct registration or other electronic book-entry system, or if the Purchaser did not directly receive a certificate representing the Notes, the Purchaser receives written notice containing the foregoing legend restriction notation;

(4) such trade is not a "control distribution" (as defined in NI 45-102);

(5) no unusual effort is made to prepare the market or to create a demand for the Notes that are the subject of the trade;

(6) no extraordinary commission or consideration is paid to a person or company in respect of such trade; and

(7) if the Purchaser is an insider or officer of the Issuer, the Purchaser has no reasonable grounds to believe that the Issuer is in default of Securities Laws;

(xiii) customary opinions regarding the Note Guarantees provided in connection with the Notes and related security documents (if any);

(xiv) no filing with, or any consent, approval, permit, license, order, authorization, registration or qualification of any Governmental Authority of the Province of Ontario or Canada, or any stock exchange or Securities Commission, is required by the Issuer for the valid authorization and sale of the Notes or the consummation by the Issuer of the transactions contemplated by this Agreement or the Indenture, except as specified in the opinion of Issuer's Counsel; and

(xv) as to all other legal matters reasonably requested by Underwriters' Counsel relating to the Offering or as required under the Indenture,

it being understood that Issuer's Counsel may, to the extent appropriate in the circumstances, (A) as to matters governed by Laws other than the Laws of Ontario and the federal Laws of Canada applicable therein, deliver opinions of local counsel acceptable to Issuer's Counsel and Underwriters' Counsel, acting reasonably (signed copies of which shall be addressed to and delivered to the Underwriters, Underwriters' Counsel and Issuer's Counsel) and (B) as to matters of fact not independently established or within the knowledge of Issuer's Counsel, rely on certificates of the Auditors and officers of the Issuer;

(f) in the event of the offering and sale of Notes in the United States pursuant to Section 18 hereof, the Underwriters shall have received an opinion from the Issuer's United States counsel addressed to the Issuer, the Underwriters and Underwriters' Counsel and dated the Closing Date, in form and substance satisfactory to Underwriters' Counsel, acting reasonably, to the effect that it is not necessary to register under the 1933 Act the offer, sale and delivery to the Underwriters of the Notes, and the initial resale by the Underwriters of the Notes, to Qualified Institutional Buyers in the United States in the manner contemplated by this Agreement and the U.S. Offering Memorandum. In providing such opinion, such counsel shall be entitled to assume (i) that the representations and warranties of the Issuer set forth in this Agreement are true and correct and (ii) compliance by the Issuer and the Underwriters with their respective obligations under this Agreement, and to rely upon certificates of the Underwriters to be delivered pursuant to Section 18(4)(g) hereof;

(g) the Underwriters shall have received at the Closing Time the Certificate (and in the event that any Notes are sold in accordance with Rule 144A under the 1933 Act, the U.S. Certificate) registered in the name of CDS or its nominee, or as the Co-Lead Underwriters may otherwise direct the Issuer in writing not less than 24 hours prior to the Closing Time;

(h) all registrations, recordings or filings required to be made in any public office of recording under the laws of Canada or any of the Offering Jurisdictions to preserve or protect the validity or enforceability of the Indenture or the Notes shall have been made;

(i) all conditions precedent provided for in the Indenture relating to the creation, issuance, certification and delivery of the Notes shall have been satisfied and no Event of Default (as defined in the Indenture), or event which, with notice or lapse of time or both, would constitute an Event of Default, will have occurred and be continuing;

(j) there shall have been delivered a comfort letter in form and content satisfactory to the Underwriters and Underwriters' Counsel, acting reasonably, from the Auditors with respect to the Financial Statements and other financial information of the Issuer, the Fund and the other Affiliates included in the Preliminary Offering Memorandum and the Offering Memorandum;

(k) there shall have been delivered to the Co-Lead Underwriters evidence that the Notes have been assigned a rating of BB by DBRS Limited and B by S&P (and these ratings have not been changed and no credit alerts have been issued with respect to the Notes);

(l) there shall have been delivered to the Co-Lead Underwriters evidence that the Issuer has met all requirements of CDS necessary to make use of the book entry system (it being understood that the Co-Lead Underwriters shall obtain a CUSIP number and a U.S. CUSIP number for the Notes and complete all applicable forms other than the CDS book-entry only securities services agreement to be entered into by the Issuer in connection with the Offering);

(m) the Underwriters shall have received certificates of status or similar certificates with respect to the jurisdictions in which the Issuer and the Affiliates are formed, established or incorporated, as the case may be;

(n) the Underwriters not having previously terminated, in accordance with the terms of this Agreement, their obligations pursuant to this Agreement;

(o) the Issuer shall have executed and delivered the New Credit Agreement and the Guarantors (as such term is defined in the New Credit Agreement) shall have executed and delivered their respective guarantees in connection with the New Credit Agreement, in each case to The Bank of Nova Scotia, as administrative agent; and

(p) the Issuer and the Indenture Trustee shall have executed and delivered the Indenture and all certificates, opinions and other documents required under the Indenture to be executed and delivered at or prior to the Closing Time shall have been executed and delivered by the appropriate parties.

14. Obligations of Underwriters.

(1) Subject to the terms hereof, the obligations of the Underwriters to purchase the Notes at the Closing Time shall be several and not joint and several and their respective obligations and rights in this regard shall be in the following percentages:

Scotia Capital Inc.	30.0%
TD Securities Inc.	30.0%
BMO Nesbitt Burns Inc.	15.0%
RBC Dominion Securities Inc.	15.0%
Macquarie Capital Markets Canada Ltd.	5.0%
National Bank Financial Inc.	5.0%
Total	**100%**

(2) If one or more of the Underwriters should default in its obligations to purchase its specified percentage of the Notes (the "**Defaulted Notes**") at Closing Time, the non-defaulting Underwriters shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all but not less than all of the Defaulted Notes in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the non-defaulting Underwriters shall not have completed such arrangements within such 24 hour period, then:

(a) if the number of Defaulted Notes is less than 5% of the aggregate amount of Notes to be purchased hereunder, the non-defaulting Underwriters shall be obligated, each severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations as set forth in Section 14(1) bear to the aggregate underwriting obligations hereunder of all non-defaulting Underwriters; or

(b) if the number of Defaulted Notes is 5% or more of the aggregate amount of Notes to be purchased hereunder, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

(3) In the event of any default by an Underwriter as described in this Section 14, the non-defaulting Underwriters shall have the right to postpone the Closing Date for not more than three (3) Business Days in order that any changes in the arrangements or documents for the purchase and delivery of the Notes may be made. Nothing in this Section 14 shall require the Issuer to sell less than all of the Notes or relieve any defaulting Underwriter from liability in respect of its default hereunder to the Issuer and to the non-defaulting Underwriters.

15. Rights of Termination.

(1) **Non Compliance with Conditions.** The Issuer shall use its commercially reasonable efforts to cause all conditions in this Agreement which relate to it to be satisfied. Any breach of or failure to comply in any material respect with any such conditions which are for the benefit of the Underwriters shall entitle any of the Underwriters, at its option and in accordance with subsection 15(6), to terminate its obligations under this Agreement by notice to that effect given to the Issuer at or prior to the Closing Time. The Underwriters may waive in whole or in part or extend the time for compliance with any of such terms and conditions without prejudice to their rights in respect of any other of such terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriters any such waiver or extension must be in writing and signed by the Underwriters.

(2) **Breach of Terms.** If, prior to the Closing Time, the Issuer is in breach of any material term or covenant of this Agreement or any material representation or warranty given by the Issuer in this Agreement is or becomes false, any of the Underwriters shall be entitled, at its option and in accordance with subsection 15(6), to terminate its obligations under this Agreement by notice to that effect given to the Issuer any time prior to the Closing Time.

(3) **Litigation and Regulatory**. If, prior to the Closing Time, any inquiry, action, suit, investigation or other proceeding whether formal or informal is instituted, threatened or announced, or any order is made by any Governmental Authority in relation to the Issuer or the Affiliates, or there is any change of Law or the interpretation or administration thereof, which, in the reasonable opinion of any of the Underwriters, operates to prevent or restrict the distribution of the Notes, any of the Underwriters shall be entitled, at its option and in accordance with subsection 15(6), to terminate its obligations under this Agreement by notice to that effect given to the Issuer any time prior to the Closing Time.

(4) **Market Condition**. If, prior to the Closing Time: (i) there should develop, occur or come into effect any occurrence of national or international consequence or any event, action, condition, Law, governmental regulation, enquiry or other development or occurrence of any nature whatsoever which, in the sole opinion of any of the Underwriters, acting reasonably, materially adversely affects or may materially adversely affect the Canadian financial markets or the business, operations or affairs of the Issuer, or (ii) the state of the financial markets is such that in the reasonable opinion of any of the Underwriters the Notes cannot be profitably marketed, any of the Underwriters shall be entitled, at its option, in accordance with subsection 15(6), to terminate its obligations under this Agreement by written notice to that effect given to the Issuer prior to the Closing Time.

(5) **Material Change**. If, prior to the Closing Time, there should occur or be discovered any material change or a change in any material fact (other than a change or fact related solely to an Underwriter) which results or, in the Underwriters' opinion,

acting reasonably, could be expected to result or lead to a Material Adverse Effect, including as to the value of the securities of the Issuer, any Underwriter shall be entitled, at its option, in accordance with subsection 15(6), to terminate its obligations under this Agreement by written notice to that effect given to the Issuer prior to the Closing Time.

(6) **Exercise of Termination Rights**. The rights of termination contained in subsections 15(1), (2), (3), (4) and (5) may be exercised by any of the Underwriters and are in addition to any other rights or remedies any of the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Issuer in respect of any of the matters contemplated by this Agreement or otherwise; provided that, for greater certainty, it is hereby confirmed and agreed that the Underwriters are not required to act in concert hereunder and the desire of any of the Underwriters to proceed with or terminate its respective obligations hereunder shall in no way obligate any other Underwriter to do or refrain from doing likewise. In the event of any such termination, there shall be no further liability on the part of the Underwriter who has elected to terminate to the Issuer or on the part of the Issuer to the Underwriters who have elected to terminate except in respect of any liability which may have arisen prior to or arise after such termination under Sections 16, 17 and 18. A notice of termination given by one Underwriter under subsections 15(1), (2), (3), (4) and (5) shall not be binding upon any of the other Underwriters.

16. Indemnity.

(1) The Issuer (herein, the "**Indemnifying Party**") covenants and agrees to protect, hold harmless and indemnify each of the Underwriters and each of their respective affiliates, directors, officers, employees, securityholders, partners, advisors and agents (collectively, the "**Indemnified Parties**") from and against all losses, claims, actions, suits, proceedings, damages, costs, fines, penalties, liabilities, payments or expenses of whatsoever nature or kind (excluding loss of profits), including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and disbursements of their counsel in connection with any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party or in enforcing this indemnity (collectively, a "**Claim**") to which an Indemnified Party may become subject or otherwise involved in any capacity insofar as the Claim relates to, is caused by, results from, arises out of or is based upon, directly or indirectly:

(a) the Underwriter having acted as underwriter of the Issuer in respect of the Offering, or the enforcement by the Underwriter of the provisions of this Agreement or the Indenture;

(b) any negligence or willful misconduct by the Issuer relating to or connected with the Offering;

(c) any inaccuracy of, or any breach of or default under, any representation, warranty, covenant or agreement made by the Issuer in this Agreement, the Indenture or any agreement, certificate or other document to be delivered pursuant hereto or thereto, or the failure of the Issuer to comply with any of its obligations under this Agreement or the Indenture;

(d) any failure or alleged failure to make timely disclosure of any material change by the Issuer, where such failure or alleged failure (i) occurs in connection with the Offering, (ii) relates to the Offering or the Notes, and (iii) may give or gives rise to any liability under any statute in any jurisdiction which is in force on the date of this Agreement;

(e) any misrepresentation (as such term is defined in the *Securities Act* (Ontario)) or untrue statement or alleged misrepresentation or alleged untrue statement in any information, data, opinion, advice, representation or statement provided to investors in connection with the Offering in writing, by or on behalf of the Issuer or by any officer, director or partner of the Issuer or in the Preliminary Offering Memorandum, the Offering Memorandum or any Supplementary Material (except for any misrepresentation or statement relating solely to the Underwriter or based solely upon information furnished by, or statements made by, the Underwriter);

(f) any information or statement (except any information or statement relating solely to the Underwriter and furnished by it in writing expressly for use in such document or material) contained in any certificate or other document or material filed or delivered, by or on behalf of the Issuer pursuant to this Agreement being or being alleged to be a misrepresentation or untrue, or any omission or alleged omission to state in any of those documents or material any material fact (except any material fact relating solely to the Underwriter and furnished by it in writing expressly for use in such document or material) required to be stated in those documents or material or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;

(g) the non-compliance or alleged non-compliance by the Issuer with any requirement of any Securities Laws or U.S. Securities Laws, unless such non-compliance or alleged non-compliance results from the non-compliance by the Indemnified Parties with any requirement of Securities Laws or U.S. Securities Laws; or

(h) any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any Governmental Authority, based upon any failure by the Issuer to comply with any Securities Laws or U.S. Securities Laws or any misrepresentation or alleged misrepresentation (except a misrepresentation relating solely to the Underwriter and furnished by it in writing expressly for use in those documents) contained in any document or material filed or delivered by or on behalf of the Issuer to any Governmental Authority pursuant to this Agreement, preventing or restricting the distribution of or trading in the Notes,

and will reimburse the Indemnified Parties for all reasonable costs, charges and expenses, as incurred, which any of them may pay or incur in connection with investigating or disputing any Claim or action related thereto; provided, however that this indemnity shall not apply to the extent that a court of competent jurisdiction in a final judgement that has become non-appealable shall determine that: (i) the Indemnified Party has been negligent or dishonest or has committed any fraudulent act in the course of such performance; and (ii) the costs, charges or expenses as to which indemnification is claimed were directly caused by the negligence, dishonesty or fraud referred to in (i). This indemnity will be in addition to any liability which the Issuer may otherwise have.

(2) The Indemnifying Party hereby waives any rights it may have of first requiring the Indemnified Party to proceed against or enforce any other right, power, remedy, security or claim payment from any other Person before claiming against an Indemnifying Party under this Section 16. The Indemnifying Party agrees that it is not necessary for an Indemnified Party to incur expenses or make payment before enforcing such indemnity.

(3) If any Claim contemplated by this Section 16 is asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this Section 16 comes to the knowledge of any of the Indemnified Parties, the Indemnified Party concerned will notify in writing the Indemnifying Party, as soon as reasonably practicable, of the nature of the Claim (provided that any failure to so notify in respect of any potential Claim will not, subject to the following, prejudice the rights of any Indemnified Party under this Section 16 and provided further that any failure to so notify in respect of any actual Claim will affect the liability of the Indemnifying Party under this Section 16 only to the extent that the Indemnifying Party is materially prejudiced by that failure). The Indemnifying Party will, subject to the following, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any suit brought to enforce the Claim; provided that the defence will be through legal counsel acceptable to the Indemnified Party, acting reasonably, and no settlement of any such Claim or admission of liability will be made by the Indemnifying Party or the Indemnified Party without, in each case, the prior written consent of all the Indemnified Parties and Indemnifying Party affected (not to be unreasonably withheld or delayed). An Indemnified Party will have the right to employ separate counsel in any such suit and participate in its defence but the fees and expenses of that counsel will be at the expense of the Indemnified Party unless:

(a) the Indemnifying Party fails to assume the defence of the suit on behalf of the Indemnified Party within ten (10) days of receiving notice of the suit or having assumed such defence failed to diligently pursue same;

(b) the employment of that counsel has been authorized by the Indemnifying Party; or

(c) the named parties to the suit (including any added or third parties) include the Indemnified Party and an Indemnifying Party and in the reasonable opinion of the Indemnified Party, the representation of such parties by the same counsel would be inappropriate as a result of the potential or actual conflicting interests between them.

In the cases of each of subsections 16(3)(a), (b) or (c), the Indemnifying Party will not have the right to assume the defence of the suit on behalf of the Indemnified Party, but the Indemnifying Party will be liable to pay the reasonable fees and expenses of separate counsel for all Indemnified Parties and, in addition, of local counsel in each applicable jurisdiction.

(4) It is expressly acknowledged and agreed that the indemnity and contribution provisions contained in this Section 16 and in Section 17 hereof shall remain operative and in full force and effect regardless of (A) any investigation made by or on behalf of the Underwriters or by or on behalf of the Issuer, (B) acceptance of any of the Notes under the Offering and payment therefore, or (C) any termination of this Agreement. The right to indemnification under Section 16(1) exists notwithstanding any representation and warranty in Section 10 hereof and is a right that is separate and independent of any other right or remedy under this Agreement.

(5) With respect to any Indemnified Party who is not a party to this Agreement, the Underwriters shall obtain and hold the rights and benefits provided in this Section 16 in trust for and on behalf of such Indemnified Party.

17. Contribution.

(1) In order to provide for just and equitable contribution in circumstances in which an indemnity provided in Section 16 of this Agreement would otherwise be available in accordance with its terms but is, for any reason not solely attributable to any one or more of the Indemnified Parties, held to be unavailable under applicable Law or otherwise, or unenforceable by the Indemnified Party, in whole or in part, the Indemnified Party and the Indemnifying Party will contribute to the aggregate of all Claims of the nature contemplated in Section 16(1) of this Agreement and suffered or incurred by the Indemnified Parties:

(a) in such proportions as is appropriate to reflect the relative benefits received by the Issuer, on the one hand, and the Underwriters on the other, from the distribution of the Notes, it being agreed that such proportion is the percentage that the gross proceeds to the Issuer from the sale of the Notes minus the fee payable by the Issuer to the Underwriters bears to the total gross proceeds to the Issuer from the sale of the Notes, all as determined pursuant to the provisions hereof; or

(b) if the allocation provided in Section 17(1)(a) is not permitted by applicable Law, in such proportion as is appropriate to reflect not only the relative benefits referred to in Section 17(1)(a) but also the relative fault of the Issuer on the one hand and the Underwriters on the other, in connection with the circumstances which resulted in such Claim (or claims in respect thereof), as well as any other relevant equitable considerations. The relative fault of the Issuer on the one hand and of the Underwriters on the other, will be determined by reference to, among other things, whether any misrepresentation relates to information supplied by the Issuer or supplied by an Underwriter or the Underwriters in connection with the Offering and their relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The amount paid or payable by a party as a result of the Claims referred to above shall be deemed to include, subject as otherwise provided herein, any legal or other fees or expenses reasonably incurred by the Indemnified Party in connection with investigating or defending any Claim.

(2) No Person who has engaged in any fraud or fraudulent misrepresentation, recklessness, negligence, wilful misconduct, wilful default or reckless disregard will be entitled to claim contribution from any Person who has not engaged in such fraud or fraudulent misrepresentation, recklessness, negligence, wilful misconduct, wilful default or reckless disregard.

(3) The Issuer hereby waives any right it might otherwise have to recover contribution from the Underwriters with respect to the Issuer's liability under the indemnity provided in Section 16 arising by reason of or arising out of any matters of the nature specified in Section 16(1); provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of any misrepresentation which is based upon or results from information relating solely to the Underwriters and supplied by the Underwriters.

(4) The parties hereto agree that it would not be just and equitable if contribution were determined by any method of allocation that does not take into account the equitable considerations referred to in this paragraph. In the event that the Issuer may be held to be entitled to contribution from the Underwriters under the provisions of any statute or at Law, the Underwriters shall be limited to contribution in an amount not exceeding the lesser of (i) the portion of the full amount of the loss or liability giving rise to such contribution for which the Underwriters are responsible, as determined in subsection 17(1), and (ii) the aggregate fees actually received by the Underwriters from the Issuer under this Agreement.

(5) If an Indemnified Party has reason to believe that a claim for contribution may arise, the Indemnified Party will give the Indemnifying Party notice in writing, but failure to so notify will not relieve the Indemnifying Party of any obligation which they may have to the Indemnified Party under this Section 17 provided that the Indemnifying

Party is not materially prejudiced by that failure, and the right of the Indemnifying Party to assume the defence of that Indemnified Party will apply as set out in Section 16 of this Agreement, *mutatis mutandis*.

(6) The rights to contribution provided in this Section 17 will be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at Law.

18. United States Offers and Sales.

(1) The Underwriters intend to offer and sell the Notes within the United States on the terms and subject to the conditions of this Section 18. In that connection, the Issuer hereby represents and warrants to, and covenants and agrees with, the Underwriters and their U.S. affiliates that:

(a) the Issuer is a **"foreign issuer"** within the meaning of Regulation S with no Substantial U.S. Market Interest with respect to the Notes; and the Issuer is not and does not own or control an open-end investment company, closed-end investment company, unit investment trust or face-amount certificate company that is or is required to be registered under Section 8 of the United States *Investment Company Act of 1940*, as amended;

(b) the documents referred to in Section 18(4)(e), at the respective dates thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such documents, at the date hereof, do not and at the Closing Time will not (and any amendment or supplement thereto or final form thereof, at the date thereof and at the Closing Time will not) contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(c) none of the Issuer or the Affiliates or anyone acting on its or their behalf (other than the Underwriters, their affiliates or any person acting on their behalf, as to which no representation is made) directly or indirectly, has taken or will take any action in violation of Regulation M in connection with the offer and sale of the Notes;

(d) none of the Issuer or the Affiliates or any person acting on its or their behalf (other than the Underwriters, their affiliates or any person acting on their behalf, in respect of which no representation is made) has engaged or will engage in any Directed Selling Efforts with respect to the Notes or has taken or will take any action (including sale of securities into the United States) that would cause the exemption afforded by Rule 144A or Regulation S to be unavailable for offers and sales of the Notes pursuant to this Agreement;

(e) the Notes satisfy the requirements set forth in Rule 144A(d)(3) under the 1933 Act in that they are not part of a class listed on a national securities exchange in the United States, quoted in an automated inter-dealer quotation system in the United States, or convertible or exchangeable at an effective conversion premium (calculated as specified in paragraph (a)(6) of Rule 144A) of less than 10% for securities so listed or quoted; and

(f) none of the Issuer or the Affiliates or any person acting on its or their behalf (other than the Underwriters, their affiliates or any person acting on their behalf, in respect of which no representation is made) has offered or will offer to sell, or has solicited or will solicit offers to buy, the Notes in the United States by means of any form of general solicitation or general advertising (as those terms are used in Regulation D) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act.

(2) The Underwriters acknowledge that none of the Notes has been or will be registered under the 1933 Act or any applicable state securities laws and that the Notes are being offered and sold outside the United States in reliance upon an exemption from registration under the 1933 Act provided by Regulation S and may not be offered or sold within the United States except pursuant to Rule 144A and exemptions from applicable state securities laws.

(3) The Underwriters shall require each selling group member to agree, for the benefit of the Issuer, to comply with, and shall use their best efforts to ensure that each such member complies with, the provisions of this Section 18 as if such provisions applied to such selling group member.

(4) Each of the Underwriters agrees with the Issuer that:

(a) all offers and sales of the Notes in the United States will be effected through its U.S. broker-dealer affiliates who are registered in the United States in accordance with all applicable U.S. broker-dealer registration and other requirements;

(b) its U.S. affiliate(s) selling Notes in the United States is a Qualified Institutional Buyer within the meaning of Rule 144A;

(c) (A) it will solicit (and will cause its U.S. affiliate(s) to solicit) offers for the Notes in the United States only from, and will offer (and cause its U.S. affiliate(s) to offer) the Notes only to, persons who it reasonably believes to be Qualified Institutional Buyers in accordance with Rule 144A, and (B) it will not sell (and will cause its U.S. affiliate(s) not to sell) any Notes (other than in accordance with Rule 144A) to any purchaser unless it and any person acting on its behalf reasonably believe that at the time the order to purchase such shares was placed, the purchaser was outside the United States;

(d) it will inform (and cause its U.S. affiliate(s) to inform) all purchasers of the Notes in the United States that the Notes have not been and will not be registered under the 1933 Act and are being sold to them without registration under the 1933 Act in reliance on Rule 144A;

(e) it will deliver, through its U.S. affiliate(s), a copy of each of the preliminary U.S. Offering Memorandum and the final U.S. Offering Memorandum including the Preliminary Offering Memorandum, the Offering Memorandum or Supplementary Material, as applicable, relating to the Notes to each person in the United States purchasing Notes from it, such memorandum to be substantially in the form attached hereto as Exhibit 2;

(f) it shall cause its U.S. affiliate(s) to agree to and comply with, for the benefit of the Issuer, the same provisions as are contained in this Section 18;

(g) at the Closing Time, it, together with its U.S. affiliate(s) selling Notes in the United States, will provide a certificate, substantially in the form of Exhibit "1" hereto, relating to the manner of the offer and sale of the Notes in the United States;

(h) at least one business day prior to the Closing Date, it shall cause each U.S. broker dealer through which it has effected sales in the United States to provide Computershare Trust Company of Canada with a list of all purchasers of Notes in the United States; and

(i) none of the Underwriters, their affiliates or any person acting on their behalf has taken or will take, directly or indirectly, any action in violation of Regulation M in connection with the offer and sale of the Notes in the United States.

(5) Each Underwriter agrees that neither it nor any of its affiliates nor any person acting on its behalf or on behalf of its affiliates:

(a) will, except to the extent permitted by this Section 18 and in accordance with Rule 144A, offer to sell or make any solicitation of an offer to buy, any Notes other than in accordance with Regulation S;

(b) has made or will make any Directed Selling Efforts in the United States with respect to the Notes, and has not taken and will not take any action that would cause the exemption afforded by Rule 144A or Regulation S to be unavailable for offers and sales of the Notes pursuant to this Agreement; or

(c) has offered or will offer to sell, has solicited or will solicit any offer to buy, by any form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) or in any manner involving a public offering within the meaning of Section 4(2) of the 1933 Act, any of the Notes.

(6) The Issuer agrees, for the benefit of any holder of Notes or potential purchaser thereof, that for so long as any of the Notes are outstanding and are **"restricted securities"** within the meaning of Section (a)(3) of Rule 144 under the 1933 Act, it will provide to any holder of Notes and any prospective purchaser thereof designated by such holder for so long as such requirement is necessary in order to permit holders of Notes to effect resales under Rule 144A, upon the request of such holder or purchaser, at or prior to the time of purchase, the information required to be provided to such holder or prospective purchaser by Section (d)(4) of Rule 144A unless it is exempt from the reporting requirements of the 1934 Act pursuant to Rule 12g3-2(b) under the 1934 Act or files reports and other information with the SEC under Section 13 or 15(d) of the 1934 Act.

(7) The Underwriters have not entered, and will not enter, into any contractual arrangement with respect to the distribution of the Notes in the United States, except with their affiliates, without the prior written consent of the Issuer, except that nothing in this Section 18 shall in any way restrict offers and sales in accordance with Rule 144A.

19. Expenses.

(1) The Issuer agrees, whether or not the transactions contemplated by this Agreement are completed, including, without limitation, in the event that the Underwriters terminate this Agreement pursuant to Section 15, all expenses of or incidental to the transactions set out in this Agreement shall be borne by the Issuer including, without limitation:

(a) the fees and expenses of Issuer's Counsel;

(b) the fees and expenses of the Auditors;

(c) the fees and expenses of Computershare Trust Company of Canada in its capacity as Indenture Trustee;

(d) the fees and expenses of Underwriters' Counsel to a maximum of $200,000; and

(e) all reasonable out-of-pocket expenses of the Underwriters (including, for greater certainty, all travel and communication expenses, database service expenses and courier charges in connection therewith),

including Canadian federal goods and services tax, provincial sales tax and harmonized sales tax in respect of any of the foregoing.

(2) The fees and expenses of Underwriters' Counsel in excess of $200,000, including Canadian federal goods and services tax, provincial sales tax and harmonized sales

tax with respect thereto, shall be paid by the Underwriters, on a pro rata basis, based on the percentages set forth opposite each Underwriter's name in Section 14.

20. Notice.

Unless otherwise expressly provided in this Agreement, any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be delivered to:

(a) in the case of the Issuer:

Armtec Holdings Limited
370 Speedvale Avenue West, Suite 3
Guelph, Ontario
N1H 7M7

Attention: James R. Newell
Facsimile: 519-822-8894

with a copy (which shall not constitute notice) to:

Fraser Milner Casgrain LLP
39th Floor, 1 First Canadian Place
100 King Street West
Toronto, Ontario
M5X 1B2

Attention: Richard Scott
Facsimile: 416-863-4592

(b) in the case of the Underwriters:

If to Scotia:

Scotia Capital Inc.
40 King Street West, 66th Floor
Toronto, Ontario
M5H 1H1

Attention: Anthony Aulicino
Facsimile: (416) 863-7409

with a copy (which shall not constitute notice) to:

Stikeman Elliott LLP
5300 Commerce Court West

199 Bay Street
Toronto, Ontario
M5L 1B9

Attention: D'Arcy Nordick
Facsimile: (416) 947-0866

If to TD:

TD Securities Inc.
66 Wellington Street, 8th Floor
Toronto, Ontario
M5K 1A2

Attention: Steve Dumanski
Facsimile: (416) 983-3176

The parties may change their respective addresses for notices by notice given in the manner set out above. Each notice shall be personally delivered to the addressee or sent by facsimile to the addressee and (i) a notice which is personally delivered shall, if delivered on a Business Day, be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is delivered; and (ii) a notice which is sent by facsimile shall be deemed to be given and received on the first Business Day following the day on which it is sent.

21. Miscellaneous.

(1) **Survival of Representations, Warranties and Covenants.** The representations, warranties, covenants, obligations and agreements of each of the Issuer contained in this Agreement or in any document delivered pursuant to or in connection with this Agreement shall survive the issue and sale of the Notes and will continue in full force and effect notwithstanding any subsequent disposition by the Underwriters and the Purchasers of the Notes.

(2) **Governing Law.** This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

(3) **Time of Essence.** Time shall be of the essence of this Agreement and, following any waiver or indulgence by any party, time will again be of the essence of this Agreement.

(4) **Facsimile.** Each of the parties to this Agreement will be entitled to rely on delivery of a facsimile copy of this Agreement and acceptance by each party of any such facsimile copy will be legally effective to create a valid and binding agreement

between the parties to this Agreement in accordance with the terms of this Agreement.

(5) **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Agreement and such void or unenforceable provision shall be severable from this Agreement.

(6) **Entire Agreement.** This Agreement and the other documents referred to in this Agreement constitute the entire agreement among the Underwriters and the Issuer relating to the subject matter of this Agreement and supersede all prior agreements between those parties with respect to their respective rights and obligations in respect of the transactions contemplated under this Agreement, whether verbal or written.

(7) **Successors.** The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Issuer, the Underwriters and their respective successors and assigns; provided that, except as otherwise provided in this Agreement, this Agreement will not be assignable by any party without the written consent of the other parties and any purported assignment without such consent will be invalid and of no force and effect.

(8) **Public Announcements.** Upon the request of the Underwriters, the Issuer will include a reference to the Underwriters and their role in any press release or other public communication issued by the Issuer relating to the Offering. If the Offering is successfully completed, the Underwriters will be permitted to publish, at their own expense, subject to the Issuer's approval not to be unreasonably withheld, such advertisements or announcements relating to the services provided hereunder in such newspaper or other publications as the Underwriters consider appropriate.

(9) **Authority of Co-Lead Underwriters.** The Co-Lead Underwriters are hereby authorized by each of the other Underwriters to act on its behalf and the Issuer shall be entitled to and shall act on any notice given in accordance with this Agreement or any agreement entered into by or on behalf of the Underwriters by the Co-Lead Underwriters which represents and warrants that it has irrevocable authority to bind the Underwriters, except in respect of any consent to a settlement pursuant to Section 16 hereof, which consent shall be given by the Indemnified Party, or a notice of termination pursuant to Section 15 hereof, which notice may be given by any of the Underwriters. The Co-Lead Underwriters shall consult with each of the other Underwriters concerning any matter in respect of which it acts as representative of the Underwriters.

(10) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement.

[Signature pages follow]

If the foregoing is in accordance with your understanding and is agreed to by you, please signify your acceptance by executing the enclosed copies of this letter where indicated below and returning the same to us, upon which this letter as so accepted shall constitute an agreement among us.

Yours very truly,

SCOTIA CAPITAL INC.

By: (signed) "*Anthony Aulicino*"
Name: Anthony Aulicino
Title: Director

TD SECURITIES INC.

By: (signed) "*Michael Mahoney*"
Name: Michael Mahoney
Title: Vice President

BMO NESBITT BURNS INC.

By: (signed) "*Stephen Shapiro*"
Name: Stephen Shapiro
Title: Managing Director

[Remainder of this page left intentionally blank]

RBC DOMINION SECURITIES INC.

By: (signed) "*Riadh Zine*"

Name: Riadh Zine

Title: Managing Director

MACQUARIE CAPITAL MARKETS CANADA LTD.

By: (signed) "*Joe Mattina*"

Name: Joe Mattina

Title: Managing Director

By: (signed) "*Tim Close*"

Name: Tim Close

Title: Senior Vice President

NATIONAL BANK FINANCIAL INC.

By: (signed) "*Glen Hirsh*"

Name: Glen Hirsh

Title: Managing Director

[Remainder of this page left intentionally blank]

Accepted and agreed to by the undersigned as of the date of this letter first written above.

ARMTEC HOLDINGS LIMITED

By: (signed) "*James R. Newell*"

Name: James R. Newell

Title: Chief Financial Officer

EXHIBIT "1"
UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States of 8.875% Senior Unsecured Notes, Series A (the "**Notes**") due September 22, 2017 of Armtec Holdings Limited (the "**Issuer**") pursuant to the underwriting agreement dated September 15, 2010 (the "**Underwriting Agreement**") among the Issuer and the several Underwriters named therein (the "**Underwriters**"), the undersigned, ●, on behalf of the Underwriters, and ● in its capacity as placement agent in the United States for the Underwriters (the "**Placement Agent**"), does hereby certify that:

(a) all offers and sales of the Notes in the United States were effected by or through the Placement Agent;

(b) all offers and sales of the Notes in the United States have been made in accordance with all applicable United States federal and state securities (including broker-dealer) laws;

(c) the Placement Agent is a duly registered broker or dealer with the SEC and is a member of, and in good standing with, the Financial Industry Regulatory Authority on the date hereof;

(d) each offeree and purchaser was provided with a copy of the U.S. Offering Memorandum, including (A) the Preliminary Offering Memorandum in the case of each offeree and purchaser and the Offering Memorandum and any Supplementary Material, as applicable, in the case of each purchaser relating to the Notes, and (B) a U.S. covering private placement memorandum for the offering of the Notes in the United States;

(e) immediately prior to our transmitting the U.S. Offering Memorandum to such offerees, we had reasonable grounds to believe and did believe that each offeree was a Qualified Institutional Buyer ("**QIB**"), as such term is used under Rule 144A of the United States Securities Act of 1933, as amended (the "1933 Act"), and, on the date hereof, we continue to believe that each U.S. person purchasing Notes from us is a QIB;

(f) no form of general solicitation or general advertising (as those terms are used in Regulation D under the 1933 Act) was used by us, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising, in connection with the offer or sale of the Notes in the United States or to U.S. persons; and

(g) the offering of the Notes in the United States has been conducted by us in accordance with the Underwriting Agreement.

Terms used in this certificate have the meanings given to them in the Underwriting Agreement unless otherwise defined herein.

DATED this ____day of ______________, 2010.

●

By: ________________________________

Name:

Title:

●

By: ________________________________

Name:

Title:

EXHIBIT "2"
U.S. OFFERING MEMORANDUM

(Attached)

EXHIBIT "A"
FORM OF DECLARATION FOR REMOVAL OF LEGEND

To: Computershare Trust Company of Canada, as trustee for the 8.875% Senior Unsecured Notes, Series A due September 22, 2017 of Armtec Holdings Limited

Computershare Trust Company of Canada
100 University Avenue, 9th Floor
North Tower
Toronto, ON M5J 2Y1
Attention: Manager, Corporate Trust

The undersigned (A) represents that the sale of $___________ 8.875% Senior Unsecured Notes, Series A (the "**Notes**") due September 22, 2017 of Armtec Holdings Limited (the "**Issuer**") represented by certificate number ____________ to which this declaration relates is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**1933 Act"**), and (B) certifies that (1) it is not an "affiliate" (as defined in Rule 405 under the 1933 Act) of the Issuer, (2) the offer of such Notes was not made to a person in the United States and at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, (3) neither the seller nor any person acting on its behalf engaged in any directed selling efforts in connection with the offer and sale of such Notes and (4) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the 1933 Act, is part of a plan or scheme to evade the registration provisions of the 1933 Act. Terms used herein have the meanings given to them by Regulation S under the 1933 Act.

Dated: ●

●

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title: