**RUBEN RIVAS**

**1452939 ONTARIO LIMITED**

**JASON PURDIE**

**HARRY LOUIS NELSON**

**As Vendors**

**- and -**

**ROYAL LASER CORP.**

**As Purchaser**

**- Regarding -**

**The Purchase of all of the Shares**

**of Venture Steel Inc.**

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# SHARE PURCHASE AGREEMENT

**April 30, 2006**

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**SHARE PURCHASE AGREEMENT** dated the 30th day of April, 2006

**AMONG:**

**ROYAL LASER CORP.**
a corporation governed pursuant to the laws of Alberta

(the "**Purchaser**")

- and -

**RUBEN RIVAS,** of the Town of Aurora in the Province of Ontario

(the "**Principal**")

- and -

**1452939 ONTARIO LIMITED**, a corporation governed pursuant to the laws of Ontario

("**1452939**")

- and -

**JASON PURDIE**, of the Town of Oakville in the Province of Ontario

("**Purdie**")

- and -

**HARRY LOUIS NELSON,** of the Town of Aurora in the Province of Ontario

("**Nelson**")

(the Principal, 1452939, Purdie and Nelson collectively referred to herein as the "**Vendors**")

**RECITALS:**

A. Venture Steel Inc. ("**Venture**" or the "**Corporation**") is a corporation incorporated and validly existing under the laws of Ontario.

B. The authorized capital of Venture consists of an unlimited number of common shares (the "**Common Shares**"), an unlimited number of non-voting Class A Preferred Shares (the "**Class A Shares**"), an unlimited number of non-voting Class B Preferred Shares (the "**Class B Shares**") and an unlimited number of Class A Common Shares, of which 325,000 Common Shares, 28.26 Class B Shares and 515,000 Class A Common Shares are issued and outstanding.

C. The persons identified in Exhibit "A" of the Disclosure Letter represent all of the holders of Common Shares, Class A Shares, Class B Shares and Class A Common Shares of

Venture and hold Common Shares, Class A Shares, Class B Shares and Class A Common Shares as set forth in such Exhibit "A" of the Disclosure Letter (the "**Class A, Class B and Class A Common Shareholders**").

D. Venture owns all of the issued and outstanding shares in the capital of 1452938 Ontario Limited.

E. Venture and 1452938 Ontario Limited are the only partners in the Venture Steel Partnership.

F. 1452938 Ontario Limited owns all of the issued and outstanding shares in the capital of TMR Trading Inc.

G. The Vendors collectively own all of the issued and outstanding Common Shares, Class B Shares and Class A Common Shares of Venture.

H. Certain persons (the "**Warrantholders**") hold warrants to acquire certain Preferred Shares in Venture that have not yet been authorized (the "**Warrants**"), all as described in Exhibit "B" of the Disclosure Letter, which Warrants shall be redeemed or repurchased before Closing.

I. Certain persons hold options to acquire Class B Shares (the "**Class B Options**"), all as described in Exhibit "B" of the Disclosure Letter, which Class B Options shall be redeemed or repurchased before Closing.

J. The Vendors wish to sell and the Purchaser wishes to purchase all of the shares of Venture owned by the Vendors.

**NOW THEREFORE**, in consideration of the premises and the agreements and covenants herein contained (the adequacy and sufficiency of which consideration as to each of the Parties is hereby mutually admitted), the Parties hereby agree as follows:

## ARTICLE 1
## INTERPRETATION

### 1.1 Definitions.

In this Agreement, including the Recitals to this Agreement, unless the context otherwise requires:

(1) "**1452939**" has the meaning attributed to that term in the Recitals.

(2) "**Accounts Receivable**" means accounts receivable, trade accounts receivable, notes receivable, book debts and other debts due or accruing due to the Corporate Group, and the full benefit of any related security.

(3) "**Affiliate**", with respect to the relationship between two or more corporations, has the meaning attributed to "affiliated bodies corporate" under the *Business Corporations Act*

(Ontario) as of the date of this Agreement and, with respect to the relationship between two or more Persons any of which is not a corporation, a Person is deemed to be an Affiliate of another Person if one of them is Controlled by the other or if both are Controlled by the same Person, and "**Affiliated**" has a corresponding meaning.

(4) "**Agreement**" means this share purchase agreement, including all Schedules to this share purchase agreement, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.

(5) "**Annual Financial Statements**" means the audited comparative consolidated financial statements of the Corporation as at and for the financial years ended each of January 31, 2005 and January 31, 2006, consisting of the consolidated balance sheet and statements of earnings, retained earnings and changes in financial position and all notes, schedules and exhibits thereto and the report thereon of the Corporation's Accountants, copies of which financial statements are attached as Schedule 1.1(4) of the Disclosure Letter.

(6) "**Applicable Law**" means:

(a) any domestic or foreign statute, law (including common and civil law), code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise);

(b) any judgement, order, writ, injunction, decision, ruling, decree or award;

(c) any regulatory policy, practice or guideline; or

(d) any Permit;

of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of that Person, and for greater certainty includes the Tax Act in respect of the Employee Plans that purport to qualify for a particular type of plan thereunder.

(7) "**Applicable Securities Laws**" means the applicable securities laws of the Province of Ontario, its regulations, rulings, rules, orders and prescribed forms thereunder and the applicable published policy statements issued by the Securities Commission thereunder.

(8) "**Approvals**" means franchises, licences, qualifications, authorizations, consents, certificates, registrations, exemptions, waivers, filings, grants, notifications, privileges, rights, orders, judgements, rulings, directives, Permits, and other permits and approvals.

(9) "**Appurtenances**" means, with respect to any real property:

(a) all buildings, structures, fixtures, improvements and appurtenances located on or forming part of that real property, including those under construction; and

(b) all rights of way, licences, rights of occupation, easements or other similar rights appurtenant to and for the benefit of that real property.

(10) “**Arbitration Act**” means the *Arbitration Act*, 1991 (Ontario).

(11) “**Assets**” means all undertakings, property, assets, rights and interests of the Corporate Group, including the following:

(a) all interests in and securities of the Corporation in each member of the Corporate Group;

(b) all rights and interests of the Corporate Group in and to the Leased Property and the Leases, including prepaid rents, security deposits, options to renew or purchase, rights of first refusal under the Leases and all leasehold improvements owned by the Corporate Group and forming part of the Leased Property;

(c) the Personal Property and all rights and interests of the Corporate Group in and to the Personal Property Leases, including prepaid rents, security deposits and options to renew or purchase;

(d) the Inventories;

(e) the Accounts Receivable;

(f) the Permits;

(g) all rights and interests of the Corporate Group under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Assets;

(h) the Intellectual Property;

(i) all rights and interests of the Corporate Group in and to all Contracts to which any is a party or by which any of the Assets or the Business is bound or affected;

(j) all Approvals issued to the Corporate Group;

(k) the Books and Records;

(l) all prepaid expenses, charges, deposits, sums and fees paid by the Corporate Group before the Closing Time;

(m) all goodwill of the Corporate Group, including the present telephone numbers, internet domain addresses and other communications numbers and addresses of the Corporate Group;

(n) all other undertakings, property, assets, rights and interests of the Corporate Group, including the property and assets described in the Annual Financial Statements and the Interim Financial Statements; and

all proceeds of any or all of the foregoing received or receivable after the Closing Time.

(12) "**Associate**" has the meaning attributed to that term under the *Business Corporation Act* (Ontario) as of the date of this Agreement.

(13) "**Balance Sheet**" means the consolidated balance sheet of the Corporation contained in the Annual Financial Statements of the Corporation as of the Financial Statements Date.

(14) "**Books and Records**" means all books, records, files and papers of the Corporate Group, including computer programs (including source codes and software programs), computer manuals, computer data, financial and Tax working papers in the possession or control of the Corporate Group, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records, minute and share certificate books, and all copies and recordings of the foregoing.

(15) "**Business**" means the business carried on currently and prior to the date of this Agreement by the Corporate Group consisting of purchasing finished coil steel products and custom slitting such products for sale to end users.

(16) "**Business Day**" means any day, except Saturdays, Sundays and statutory holidays in the Province of Ontario.

(17) "**CRA**" means the Canada Revenue Agency or any successor agency.

(18) "**Claim**" means:

(a) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative;

(b) any other proceeding; or

(c) any appeal or application for review;

at law or in equity or before or by any Governmental Authority.

(19) "**Class A, Class B and Class A Common Shareholders**" has the meaning attributed to that term in the Recitals.

(20) "**Class A Shares**" has the meaning attributed to that term in the Recitals.

(21) "**Class B Options**" has the meaning attributed to that term in the Recitals.

(22) "**Class B Shares**" has the meaning attributed to that term in the Recitals.

(23) "**Closing**" means the completion of the Transactions.

(24) "**Closing Audited Financial Statements**" has the meaning attributed to that term in Section 2.5(1).

(25) "**Closing Date**" means April 30, 2006 or such other date as may be agreed to by the Parties in writing provided, however, that the Purchaser shall have the right upon written notice to the Vendors to extend the Closing Date to a date no later than May 12, 2006.

(26) "**Closing Statements**" has the meaning attributed to that term in Section 2.5(1).

(27) "**Closing Time**" means 5:00 p.m. (Toronto Time) on the Closing Date or such other time on the Closing Date as may be agreed to by the Parties in writing.

(28) "**Common Shares**" has the meaning attributed to that term in the Recitals.

(29) "**Constating Documents**" means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation or continuance, memorandum of association, letters patent, supplementary letters patent, by-laws, partnership agreement, limited liability company agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trusts, pooling agreements and similar Contracts, arrangements and understandings applicable to the Person's Equity Interests, all as amended, supplemented, restated and replaced from time to time.

(30) Intentionally Deleted

(31) "**Contract**" means any agreement, contract, indenture, lease, deed of trust, licence, option, undertaking, promise or any other commitment or obligation, whether oral or written, express or implied, other than a Permit.

(32) "**Control**", with respect to the relationship with a Person, means:

(a) if that Person is a corporation, the holding (other than by way of security) of securities of that Person to which are attached more than 50% of the votes that may be cast for the election of directors and those votes are sufficient, if exercised, to elect a majority of the board of directors; or

(b) the right, directly or indirectly, to direct or cause the direction of the management of the affairs of that Person, whether by ownership of Equity Interests, by Contract or otherwise;

and "**Controls**" and "**Controlled**" have corresponding meanings.

(33) "**Corporate Group**" means collectively the Corporation, 1452938 Ontario Limited, TMR and the Venture Partnership; and, unless otherwise specified, all references herein to the Corporate Group include the members of the Corporate Group, collectively, as well as each individual member, both on its own and in combination with one or more of the other members of the Corporate Group.

(34) "**Corporation**" means Venture.

(35) "**Corporation's Accountants**" means RSM Richter LLP, Chartered Accountants.

(36) “**Crane & Hoist Litigation**” means the Claims involving 1207234 Ontario Inc. carrying on business as Crane & Hoist Tech, CHT Mechanical and Electrical and Kestrel Machinery and/or Niculae Dobre, Anicuta Dobre, Emile Arsenault and/or William Link, including Court File Number 05-CV-298640PD1.

(37) “**Direct Claim**” has the meaning attributed to that term in Section 8.4(1).

(38) “**Disclosure Letter**” means the disclosure letter delivered by the Vendors to the Purchaser concurrently with the execution and delivery of this Agreement.

(39) “**ETA**” means the *Excise Tax Act* (Canada).

(40) “**Employee Agreement**” means the employment letter agreement to be entered into between the Management Personnel and the Corporation, substantially in the form of Schedule 1.1(40).

(41) “**Employee Plans**” has the meaning attributed to that term in Section 5.2(38)(a).

(42) “**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, option, right of pre-emption, privilege or any matter capable of registration against title or any Contract to create any of the foregoing including, without limitation, under the *Family Law Act* (Ontario) or any similar legislation involving spousal rights.

(43) “**Environmental Laws**” has the meaning attributed to that term in Section 5.2(37)(a).

(44) “**Environmental Permits**” has the meaning attributed to that term in Section 5.2(37)(b).

(45) “**Equity Interests**” means, with respect to any Person, any and all present and future shares, units, trust units, partnership or other interests, participations or other equivalent rights in that Person’s equity or capital, however designated and whether voting or non-voting.

(46) “**Escrow Agent**” means the Purchaser’s Counsel.

(47) “**Exchange**” means the Toronto Stock Exchange.

(48) “**Financial Statements Date**” means January 31, 2006.

(49) “**GAAP**” means generally accepted accounting principles in effect from time to time in Canada, including those principles set forth and promulgated in the Handbook published by the Canadian Institute of Chartered Accountants or any successor institute, consistently applied.

(50) “**GST**” means all taxes payable under Part IX of the ETA.

(51) "**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, ministry, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, ministerial, administrative, expropriation or taxing power or function of or pertaining to government.

(52) "**Hazardous Substances**" has the meaning attributed to that term in Section 5.2(37)(a).

(53) "**Holdback Amount**" has the meaning attributed to that term in Section 2.3(b).

(54) **"Holdback Escrow Agreement"** has the meaning attributed to that term in Section 2.3(b).

(55) "**Independent Auditor**" has the meaning attributed to that term in Section 2.5(3).

(56) "**Information Technologies**" means the computer equipment and associated peripheral devices and the related operating and application systems and other software owned, leased or licensed by the Corporate Group.

(57) "**Insurance Policies**" has the meaning attributed to that term in Section 5.2(20).

(58) "**Intellectual Property**" means all trade marks, trade names, business names, patents, inventions, know-how, copyrights, service marks, domain names, brand names, industrial designs and all other industrial or intellectual property owned or used by the Corporate Group in carrying on their Business and all applications therefor and all goodwill connected therewith, including all licences and all like rights used by or granted to the Corporate Group in connection with their Business and all rights to register or otherwise apply for the protection on any of the foregoing.

(59) "**Interim Financial Statements**" means the unaudited consolidated financial statements of the Corporation as at and for the 2 month period ended March 31, 2006, copies of which financial statements are attached as Schedule 1.1(59) of the Disclosure Letter.

(60) "**Interim Period**" means the period from the date of this Agreement to the Closing.

(61) "**Inventories**" means inventories, including all finished goods, works-in-progress, raw materials, spare parts, replacement parts, and all other materials and supplies to be used or consumed by the Corporate Group in the production of finished goods.

(62) "**Leased Property**" has the meaning attributed to that term in Section 5.2(9).

(63) "**Leases**" has the meaning attributed to that term in Section 5.2(10).

(64) "**Link Litigation**" means the Claims involving William (Bill) Link as an employee, shareholder, option holder, former employee, former shareholder and/or former option

holder of the Corporate Group including Court File No. 05-0602 and Court File No. 05-CV-300831 PD2.

(65) "**Losses**" means, in respect of any matter, all Claims, demands, losses, damages, liabilities, deficiencies, costs and expenses (including all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising as a consequence of that matter, including any reduction in the value of the Purchased Shares resulting from a misrepresentation or breach of warranty or covenant or other obligation, but excluding consequential and punitive damages.

(66) "**Management Personnel**" means Rivas, Purdie, Craig Kennedy, Eric Pronk, Aylin Kurkcuyan, Nelson and Scott Nicholls.

(67) "**Material**" means of such a nature or amount as would reasonably be regarded as significant in relation to the Business or in relation to the capital, prospects, condition (financial or otherwise) or results of operation of the Corporate Group in the aggregate, whether or not significant in relation to the Vendors or the Purchaser, provided that where it is reasonable to apply a monetary threshold the Parties agree that one percent (1%) of the Purchase Price shall be used for purposes of determining whether or not something is significant, and "**Materially**" has a corresponding meaning.

(68) "**Material Adverse Change**" or "**Material Adverse Effect**" means any change or effect that:

(a) individually or when taken together with all other changes or effects that have occurred during any relevant period of time before the determination of the occurrence of that change or effect is or is reasonably likely to be Materially adverse to the Business, business currently contemplated to be conducted, operations, Assets, liabilities, capital, prospects, condition (financial or otherwise) or results of operation of the Corporate Group in the aggregate; or

(b) Materially adversely affects the ability of the Corporate Group to conduct their Business after the Closing Date substantially as their Business has been conducted to the date of this Agreement; and

(69) "**Material Contracts**" has the meaning attributed to that term in Section 5.2(22).

(70) "**Materially Adversely Affect**" has a corresponding meaning to Material Adverse Change or Material Adverse Effect.

(71) "**Nelson**" has the meaning attributed to that term in the Recitals.

(72) "**Net Working Capital"** means net working capital of the Corporate Group calculated in accordance with GAAP, and, for greater clarity, the calculation of Net Working Capital:

(a) shall exclude the payments made pursuant to Section 2.2(c) concerning the Options Indebtedness;

(b) shall exclude any Non-Core Assets;

(c) shall exclude the legal expenses payable pursuant to Section 9.4;

(d) shall exclude all cash consideration up to a maximum amount of $500,000 received by the Corporation for the transfer of the Non-Core Assets to Forever Young Classics & Collectibles Inc. pursuant to Section 4.1(1)(o); and

(e) shall include the Corporation's Accountant's fees for the Reorganization.

(73) "**Non-Competition Agreement**" means the non-competition and non-solicitation agreement to be entered into between each of the Vendors, the Purchaser and Venture, substantially in the form of Schedule 1.1(73).

(74) "**Non-Core Assets**" means:

[redacted]

[redacted]

[redacted]

[redacted]

all as described in Schedule 1.1(74) of the Disclosure Letter.

(75) "**Objection Notice**" has the meaning attributed to that term in Section 2.5(2).

(76) "**Options**" means options, warrants, rights, calls, commitments, conversion rights, rights of exchange or other agreements, or rights or privileges (whether by law, pre-emptive or contractual), capable of becoming any of the foregoing, for the purchase of any of the issued and outstanding or unissued shares or securities in the capital of the Corporation or any other member of the Corporate Group.

(77) "**Options Indebtedness**" means any liabilities, obligations or indebtedness incurred in connection with the purchase/redemption of the Class A Shares, Warrants and Class B Options pursuant to Section 2.2(c).

(78) "**Ordinary Course**" means, with respect to an action taken by a Person, that the action is consistent with the past practices of the Person and is taken in the normal day-to-day operations of the Person.

(79) "**Parties**" means collectively, the Vendors and the Purchaser, and "**Party**" means any of them.

(80) "**Pension Regulator**" has the meaning attributed to that term in Section 5.2(38)(b).

(81) "**Permits**" means franchises, licences, qualifications, authorizations, consents, certificates, registrations, exemptions, waivers, filings, grants, notifications, privileges,

rights, orders, judgments, rulings, directives, permits and other approvals, obtained from or required by a Governmental Authority.

(82) "**Permitted Encumbrances**" means:

(a) servitudes, easements, restrictions, rights-of-way and other similar rights in real property or any interest therein, provided that those servitudes, easements, restrictions, rights-of-way and other similar rights are not of such a nature as to Materially Adversely Affect the use by the Corporate Group of the property subject thereto;

(b) undetermined, statutory or inchoate liens, charges and privileges incidental to current construction or current operations, except for liens, charges and privileges related to Taxes;

(c) statutory liens, charges, adverse Claims, security interests or Encumbrances of any nature whatsoever claimed or held by any Governmental Authority that have not at the time been filed or registered against the title to the asset or served on the Corporate Group or any Vendor pursuant to Applicable Law or that relate to obligations not due or delinquent, except for statutory liens, charges, adverse Claims, security interests or Encumbrances related to Taxes;

(d) security given in the Ordinary Course to any public utility or Government Authority in connection with the operations of the Business, other than security for borrowed money;

(e) the reservations in any original grants from the Crown of any real property or interest therein, statutory exceptions to title and easements, encroachments and other non-Material imperfections of title that do not Materially detract from the value of the real property concerned or Materially impair its use in the operation of the Business; and

(f) the Permitted Encumbrances described in Schedule 1.1(82) of the Disclosure Letter.

(83) "**Person**" is to be broadly interpreted and includes an individual, a corporation, a partnership, a joint venture, a trust, an association, an unincorporated organization, a Governmental Authority, an executor or administrator or other legal or personal representative, or any other juridical entity.

(84) "**Personal Information**" means any information in the possession, custody or control of the Corporate Group about an identifiable individual, and for greater certainty includes all such information which falls within the definition of "personal information" in any personal information protection law of Canada, or any province or territory thereof, to which the Corporate Group are subject.

(85) "**Personal Property**" has the meaning attributed to that term in Section 5.2(14).

(86) “**Personal Property Leases**” has the meaning attributed to that term in Section 5.2(15).

(87) “**Post-Closing Period**” means the taxation period of the Corporation that is deemed pursuant to subsection 249(4) of the *Tax Act* to commence at the time Purchaser acquires control of the Corporation and each subsequent taxation period.

(88) “**Pre-Closing Period**” means any taxation period that is not a Post-Closing Period.

(89) “**Principal**” has the meaning attributed to that term in the Recitals.

(90) “**Purchase Price**” has the meaning attributed to that term in Section 2.2.

(91) “**Purchased Shares**” means 325,000 issued and outstanding Common Shares, 28.26 issued and outstanding Class B Shares and 515,000 issued and outstanding Class A Common Shares in the capital of the Corporation being sold by the Vendors and purchased by the Purchaser hereunder.

(92) “**Purchaser**” has the meaning attributed to that term in the Recitals.

(93) “**Purchaser’s Auditors**” means KPMG LLP, Chartered Accountants, or other auditors selected by the Purchaser.

(94) “**Purchaser’s Counsel**” means Cassels Brock & Blackwell LLP, or other counsel selected by the Purchaser.

(95) “**Purdie**” has the meaning attributed to that term in the Recitals.

(96) “**Reorganization**” means the pre-Closing reorganization prepared by the Corporation’s Accountants and described as set forth in Schedule 1.1(96) of the Disclosure Letter.

(97) “**Representatives**” means, with respect to any Party, its Affiliates and, if applicable, its and their respective directors, officers, employees, agents and other representatives and advisors.

(98) “**Securities Commission**” means the Ontario Securities Commission.

(99) “**Share Consideration**” has the meaning attributed to that term in Section 2.3(c).

(100) **“Share Escrow Agreement”** has the meaning attributed to that term in Section 2.3(c).

(101) “**TMR**” means TMR Trading Inc., a corporation governed by the laws of Ontario.

(102) “**Tax Act**” or any reference to a specific provision thereof means the *Income Tax Act* (Canada) and legislation of any legislature of any province or territory of Canada (including the *Taxation Act* (Québec)) and any regulations thereunder in force of like or similar effect.

(103) “**Taxes**” means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all

interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof (including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, valued-added, excise, stamp, withholding, premium, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, surtaxes, customs duties and import and export taxes, licence, franchise and registration fees and employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions), and "Tax" has a corresponding meaning.

(104) "**Tax Return**" means all returns, declarations, designations, forms, schedules, reports and other documents of every nature whatsoever required to be filed with any Governmental Authority with respect to any Taxes.

(105) "**Third Party Claim**" has the meaning attributed to that term in Section 8.4(1).

(106) "**Transactions**" means the transactions contemplated by this Agreement.

(107) "**Transmission**" has the meaning attributed to that term in Section 9.14(1).

(108) "**Trust Amount**" has the meaning attributed to that term in Section 8.12.

(109) "**Vendor's Shares**" means, with respect to each Vendor, the number and type of the Purchased Shares set out opposite that Vendor's name on Schedule 1.1(109) of the Disclosure Letter.

(110) "**Vendors**" has the meaning attributed to that term in the Recitals and a "**Vendor**" means any of them.

(111) "**Vendors' Counsel**" means Stikeman Elliott LLP, or other counsel selected by the Vendors.

(112) "**Venture**" or the "**Corporation**" means Venture Steel Inc., a Corporation governed by the laws of Ontario.

(113) "**Venture Partnership**" means the general partnership carried on by Venture and 1452938 Ontario Limited and registered under the *Business Names Act* (Ontario).

(114) "**Warrantholders**" has the meaning attributed to that term in the Recitals.

(115) "**Warrants**" has the meaning attributed to that term in the Recitals.

1.2 **Construction.**

This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

## 1.3 **Certain Rules of Interpretation.**

In this Agreement:

(a) the division into Articles and Sections and the insertion of headings and the Table of Contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement;

(b) the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and

(c) unless specified otherwise or the context otherwise requires:

  (i) references to any Article, Section or Schedule are references to the Article or Section of, or Schedule to, this Agreement;

  (ii) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;

  (iii) “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”;

  (iv) references to Contracts are deemed to include all present and future amendments, supplements, restatements and replacements to those Contracts;

  (v) references to any legislation, statutory instrument or regulation or a section thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time;

  (vi) references to real property are deemed to include immovable property located in the Province of Québec;

  (vii) references to personal property are deemed to include movable property located in the Province of Québec; and

  (viii) words in the singular include the plural and vice-versa and words in one gender include all genders.

## 1.4 **Knowledge.**

In this Agreement, any reference to the knowledge of the Vendors means to the best of the knowledge, information and belief of each of the Vendors after reviewing all relevant Books and Records and making due inquiries regarding the relevant matter; except for Sections 5.1(10) and (11), wherein any reference to the knowledge of the Vendor means the actual knowledge of that Vendor, after making due inquires regarding the relevant matter.

1.5 **Computation of Time.**

In this Agreement, unless specified otherwise or the context otherwise requires:

(a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next Business Day;

(b) all references to specific dates mean 11:59 p.m. on the dates;

(c) all references to specific times shall be references to Toronto time; and

(d) with respect to the calculation of any period of time, references to “from” mean “from and excluding” and references to “to” or “until” mean “to and including”.

1.6 **Performance on Business Days.**

If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next Business Day.

1.7 **Calculation of Interest.**

In calculating interest payable under this Agreement for any period of time, the first day of the period is included and the last day is excluded.

1.8 **Currency and Payment.**

In this Agreement, unless specified otherwise:

(a) references to dollar amounts or “$” are to Canadian dollars;

(b) any payment is to be made by negotiable cheque certified by a Canadian chartered bank or Canadian trust company, an official bank draft drawn on a Canadian chartered bank, wire transfer or any other method (other than cash payment) that provides immediately available funds; and

(c) except in the case of any payment due on the Closing Date, any payment due on a particular day must be received and available by 2:00 p.m. on the due date and any payment received and available after that time is deemed to have been made and received on the next Business Day.

1.9 **Accounting Terms.**

In this Agreement, unless specified otherwise, each accounting term has the meaning assigned to it under GAAP.

1.10 **Exhibits, Schedules and Disclosure Letter.**

The Disclosure Letter is hereby incorporated by reference and forms part of this Agreement. The following Schedules are attached to and form part of this Agreement:

| | |
|---|---|
| Schedule 1.1(40) | Employee Agreement |
| Schedule 1.1(73) | Non-Competition Agreement |
| Schedule 2.3(b) | Holdback Escrow Agreement |
| Schedule 2.3(c) | Share Escrow Agreement |

## ARTICLE 2
## PURCHASE AND SALE OF PURCHASED SHARES

### 2.1 Agreement to Purchase and Sell.

Subject to the terms and conditions of this Agreement, at the Closing Time, each of the Vendors shall sell to the Purchaser and the Purchaser shall purchase from the Vendors, all of the Purchased Shares held by the Vendors in Venture, which at Closing will constitute all of the issued and outstanding shares in the capital of Venture, free and clear of all Encumbrances.

### 2.2 Purchase Price and Purchase Price Allocation.

(a) Subject to the terms and conditions of this Agreement, the aggregate purchase price (the "**Purchase Price**") to be paid by the Purchaser to the Vendors for the Purchased Shares shall be $43,500,000, less any adjustments or payments required by Section 2.2(c), Section 2.2(d), Section 2.2(e), Section 2.4, Section 2.5 and Section 8.12, and shall be allocated in accordance with Schedule 2.2 of the Disclosure Letter.

(b) The Purchase Price shall be satisfied by the payments and deliveries referred to in Section 3.3.

(c) The Parties agree that, immediately prior to the Closing Time, the Vendors shall irrevocably authorize and direct the Purchaser to pay to the Corporation the amount of $4,885,739, which the Corporation hereby agrees to use immediately upon receipt in order to redeem or repurchase, as the case may be, the Class A Shares, the Class B Options and the Warrants by payment and delivery of the following amounts by way of bank wire transfer payable to or to the order of the following Persons, which payment shall reduce the Purchase Price on a dollar-for-dollar basis:

(i) $942,000 to the holders of the Class A Shares;

(ii) $1,067,810 to the holders of the Options, save and except for the Trust Amount being held in trust by and for the Corporation pursuant to Section 8.12; and

(iii) $2,875,929 to the Warrantholders.

(d) The Parties agree that the following outstanding loans in the amounts specified below that are owed by the following Persons to the Corporate Group (including principal and any accrued interest) shall be paid by the Purchaser to the

Corporation on the Closing Date by way of bank wire transfer and that such amounts shall be deducted from each such Person's portion of the Purchase Price:

| **Person** | **Amount** |
|---|---|
| Nelson | $61,111 |
| The Principal | $490,454<br><br>$933,031 (Forever Young Classics & Collectibles Inc.)<br><br>$457,426 (2021411 Ontario Ltd.) |
| 1452939 | $96,406 |

Each of Nelson, the Principal and 1452939 acknowledges and agrees with the repayment of the loan owed by such Person to the Corporate Group in this manner.

(e) The Parties agree that the amount of $500,000 plus GST, which amount represents the cash consideration paid by Forever Young Classics & Collectibles Inc. to the Corporation for the Non-Core Assets, shall be paid by the Purchaser to the Corporation by way of bank wire transfer and that such amount shall be deducted from the Principal's portion of the Purchase Price.

2.3 **Payment of Purchase Price.**

Subject to Section 2.5 and Section 2.6, the Purchaser shall pay and satisfy the Purchase Price as follows:

(a) Intentionally Deleted.

(b) as to the amount of $5,000,000 (the "**Holdback Amount**"), payment at the Closing Date by way of bank wire transfer or cheque to the Escrow Agent of the Holdback Amount to be held in trust in accordance with the terms of the escrow agreement attached as Schedule 2.3(b) (the "**Holdback Escrow Agreement**") for a period of twelve (12) months from the Closing Date;

(c) as to the amount of $2,500,000, by the Purchaser issuing from treasury common shares in the capital of the Purchaser, based on the value determined pursuant to Subsection 2.4(a), on the Closing Date (the "**Share Consideration**"), such Share Consideration to be issued to the Vendors *pro rata* based on their share ownership of the Common Shares and the Class A Common Shares pursuant to a Section 85 election under the Tax Act and shall be delivered to the Purchaser's transfer agent and held in escrow for a period of twelve (12) months from the Closing Date in accordance with the escrow agreement attached as Schedule 2.3(c) hereto (the "**Share Escrow Agreement**"); and

(d) as to the balance, payment at the Closing Time by way of bank wire transfer or cheque payable to or to the order of the Vendors *pro rata* based on their share ownership of the Purchased Shares.

2.4 **Share Consideration.**

(a) the Parties agreed that for the purposes of determining the number of shares for the Share Consideration, the value at which the Share Consideration shall be deemed to be issued shall be based on the volume weighted average trading price of the Purchaser's common shares for the preceding five (5) Business Days prior to Closing;

(b) in the event that the value of the Share Consideration on the twelve month anniversary of the Closing Date (based on the volume weighted average trading price of the Purchaser's common shares for the preceding five (5) Business Days prior to such anniversary) is below $2,500,000, the Purchaser shall pay the difference to the Vendors by way of bank wire transfer or cheque payable to or to the order of the Vendors *pro rata* based on their share ownership of the Purchased Shares and the Purchase Price shall be increased by such difference. In the event that, on the twelve month anniversary of the Closing Date, the value of the Share Consideration is greater than $2,500,000 (based on the volume weighted average trading price of the Purchaser's common shares for the preceding five (5) Business Days prior to such anniversary), the Vendors shall pay the following amount to Purchaser by way of bank wire transfer or cheque or delivery of the appropriate portion of the Share Consideration (based on the volume weighted average trading price of the Purchaser's common shares for the preceding five (5) Business Days prior to such payment) on or before the date that the Share Consideration is released from escrow:

**50% x (value of the Share Consideration on the twelve month anniversary of the Closing Date – $2,500,000);**

and the Purchase Price shall be reduced by such amount.

2.5 **Closing Audited Financial Statements and Purchase Price Adjustment.**

(1) Within 60 days of the Closing Date, the Parties agree that the Corporation's Accountants shall be engaged by the Corporation to audit and deliver to the Purchaser and the Vendors audited financial statements for the Corporation and the Net Working Capital calculation, as of the close of business on the Closing Date and for the period from the Financial Statements Date to the Closing Date, which financial statements and Net Working Capital calculation shall be audited, and shall be prepared in accordance with GAAP applied on a basis consistent with the Annual Financial Statements (collectively the "**Closing Audited Financial Statements**") (the schedule, the Closing Audited Financial Statements and the Net Working Capital calculation, collectively, the "**Closing**

**Statements**"), along with all Tax Returns that have not been filed for a Pre-Closing Period other than for the taxation year end of the Corporation that will be deemed to have occurred as a result of the Transactions. For the purpose of preparing the Closing Statements, the Vendors shall grant to the Corporation's Accountants and the Purchaser's authorized Representatives reasonable access to relevant records, facilities and personnel of the Corporate Group. The Vendors and the Purchaser shall co-operate fully with each other in the preparation of the Closing Statements.

(2) The Purchaser shall have 90 days from receipt of the Closing Statements within which to review the Closing Statements. For the purposes of this review, the Vendors shall permit and shall cause the Corporation and the Corporation's Accountants to permit the Purchaser and the Purchaser's authorized Representatives to examine the working papers, schedules and other documents and information used or prepared by the Vendors or the Corporation's Accountants in connection with the preparation of the Closing Statements. The Purchaser may dispute any of the items in the Closing Statements by written notice (an "**Objection Notice**") to the Vendors within the same 90 days. If the Purchaser has not delivered an Objection Notice to the Vendors within this 90 day period, the Purchaser shall be deemed to have accepted the Closing Statements. If the Purchaser delivers an Objection Notice, the Vendors and the Purchaser shall attempt to resolve all of the items in dispute within 15 days of receipt of the Objection Notice. If all items in dispute are not resolved within this 15 day period, the Purchaser shall select an independent national firm of chartered accountants acceptable to the Vendors, acting reasonably, to resolve the remaining items in dispute (and, failing agreement between the Vendors and the Purchaser on the firm of chartered accountants within a further period of 5 Business Days, such independent national firm of chartered accountants shall be PricewaterhouseCoopers, LLP, or if such firm is unable or is unwilling to act, Deloitte & Touche LLP).

(3) Each Party shall furnish to the firm chosen in accordance with Section 2.5(2) (the "**Independent Auditor**") those working papers, schedules and other documents, and information relating to the items in dispute, that are available to that Party or its auditors (and in the case of the Purchaser, the Corporation's Accountants) as the Independent Auditor may require. The Independent Auditor shall be instructed that time is of the essence in proceeding with its determination of any dispute, and the decision of the Independent Auditor with respect to any item in dispute shall be in writing and shall be final and binding on the Vendors and the Purchaser with no rights of challenge, review or appeal to the courts in any manner. The Independent Auditor, in making its determination of any dispute, does not act as an arbitrator and is not required to engage in a judicial inquiry worked out in a judicial manner.

(4) On agreement or decision, as the case may be, with respect to all items in dispute, the Closing Statements shall be deemed to be amended as may be necessary to reflect the agreement or the decision, as the case may be. In this event, references in this Agreement to the Closing Statements shall be references to the Closing Statements, as so amended.

(5) The fees and expenses of the Independent Auditors shall be borne equally by the Vendors, on the one hand, and the Purchaser, on the other hand, but each Party shall be responsible for its own costs and expenses.

(6) The Purchase Price for the Purchased Shares shall be decreased, dollar-for-dollar, to the extent that the Net Working Capital, as determined in accordance with this Section 2.5, is less than $0. If there is a decrease to the Purchase Price, the amount of such decrease together with any accrued interest on such amount shall be set-off against the Holdback Amount and the Share Consideration or, if the Holdback Amount and the Share Consideration are not sufficient, shall be paid by the Vendors to the Purchaser by wire transfer within 5 days of the final determination of the Closing Statements, together with accrued interest on such amount since the Closing Date at the prime lending rate of the Royal Bank of Canada on the Closing Date plus two percent (2%). The determination and adjustment of the Purchase Price in accordance with the provisions of this Section 2.5 shall not limit or affect any other rights or causes of action either the Purchaser or the Vendors may have with respect to the representations, warranties, covenants and indemnities in their favour contained in this Agreement.

2.6 **Issuance of Shares.**

The Share Consideration will be issued in compliance with applicable law related to the issuance of securities and, except for the escrow arrangement set forth in Section 2.3 and the resale restriction imposed by Section 2.6 of National Instrument 45-102 or which may otherwise be imposed by the Exchange as a condition to the issuance of the Share Consideration, the Share Consideration will not be subject to any other resale restrictions in Canada, provided that the representations and warranties of the Vendors are true and correct and that any distribution meets the exemption requirements under National Instrument 45-102.

2.7 **Directions and Notice.**

The Parties hereby agree that in respect of any directions and notices (as defined in Section 9.14) to be given hereunder, to the Escrow Agent or otherwise, the Principal is hereby irrevocably and unconditionally authorized to act on behalf of the Vendors and bind same.

## ARTICLE 3
## CLOSING ARRANGEMENTS

3.1 **Closing.**

Subject to the satisfaction or waiver of the conditions set out in Article 4, the Closing shall take place at the Closing Time at the offices of Purchaser's counsel or at such other place as may be agreed to by the Vendors and the Purchaser.

3.2 **Vendors' Closing Deliveries.**

At the Closing, the Vendors shall deliver or cause to be delivered to the Purchaser (in the case of item (c) below, at the premises of the Corporation) the following:

(a) certificates representing the Purchased Shares, accompanied by stock transfer powers duly executed in blank or duly executed instruments of transfer, and all such other assurances, consents and other documents as the Purchaser may reasonably request to effectively transfer to the Purchaser title to the Purchased Shares free and clear of all Encumbrances;

(b) original share registers, share transfer ledgers, minute books and corporate seals (if any) and original versions of all Constating Documents, of the Corporate Group;

(c) all other Books and Records;

(d) a certified copy of a resolution of the board of directors of the Corporation consenting to the transfer of the Purchased Shares from the Vendors to the Purchaser as contemplated by this Agreement and authorizing the execution, delivery and performance of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by the Corporation;

(e) releases by the Vendors as shareholders and employees, as the case may be, of the Corporate Group save and except for any obligations created by this Agreement;

(f) written resignations of the directors and officers of the Corporate Group, in each case with effect from the Closing Date;

(g) in respect of each member of the Corporate Group and each Vendor which is a Corporation:

    (i) a certificate of status or its equivalent under the laws of the jurisdiction governing its corporate existence;

    (ii) a certificate of incumbency; and

    (iii) that number of copies reasonably required by the Purchaser, certified by one of its senior officers, of its Constating Documents, and in the case of each corporate Vendor, of the resolutions of the board of directors and (if required by Applicable Law) shareholders of that Vendor authorizing the execution, delivery and performance of this Agreement and of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by the Vendor;

(h) Intentionally Deleted;

(i) the Non-Competition Agreement, duly executed by each of the Vendors;

(j) Intentionally Deleted;

(k) the Employment Agreements, duly executed by each member of the Management Personnel;

(l) the Holdback Escrow Agreement and the Share Escrow Agreement, both duly executed by the Vendors;

(m) Intentionally Deleted;

(n) confirmation to the satisfaction of the Purchaser, in its sole discretion, that the Vendors have caused the Corporation or the holders of all Class A Shares, Warrants and Class B Options to redeem or repurchase all Class A Shares, Warrants and Class B Options pursuant to Section 2.2(c), thereby reducing the Purchase Price and, in any event, at no cost to the Purchaser, the Corporation or any other member of the Corporate Group;

(o) all Approvals from third parties, including Governmental Authorities and counterparties to the Contracts listed in Schedule 5.2(22) of the Disclosure Letter, obtained in connection with the completion of any of the Transactions, including customary good standing acknowledgments in form and substance acceptable to the Purchaser's Counsel and Vendors' Counsel, acting reasonably;

(p) a favourable opinion of the Vendors' Counsel, addressed to the Purchaser and dated the Closing Date, in form and substance satisfactory to the Purchaser, acting reasonably;

(q) execution and delivery of a joint written direction to the Escrow Agent concerning the release of the break fee to the Purchaser pursuant to that letter agreement between the Purchaser, the Principal and 1452939 dated March 29, 2006; and

(r) such other documentation as the Purchaser may reasonably request in order to establish the completion of the Transactions and the taking of all corporate proceedings in connection with the Transactions (as to certification and otherwise), in each case in form and substance satisfactory to the Purchaser, acting reasonably.

3.3 **Purchaser's Closing Deliveries.**

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendors the following:

(a) payment of the amounts required to be paid under Section 2.3 including certificates representing the Share Consideration;

(b) receipts for the certificates representing the Purchased Shares;

(c) in respect of the Purchaser:

(i) a certificate of status or its equivalent under the laws of the jurisdiction governing its corporate existence;

(ii) a certificate of incumbency; and

(iii) that number of copies reasonably required by the Vendors, certified by one of its senior officers, of its Constating Documents and of the resolutions of the board of directors and (if required by Applicable Law) shareholders of the Purchaser authorizing its execution, delivery and performance of this Agreement and of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by the Purchaser;

(d) Intentionally Deleted;

(e) the Employment Agreements, duly executed by the Corporation;

(f) the Holdback Escrow Agreement and the Share Escrow Agreement, both duly executed by the Purchaser;

(g) Intentionally Deleted;

(h) a favourable opinion of the Purchaser's Counsel, addressed to the Vendors and dated the Closing Date, in form and substance satisfactory to the Vendors, acting reasonably; and

(i) such other documentation as the Vendors may reasonably request in order to establish the completion of the Transactions and the taking of all corporate proceedings in connection with the Transactions (as to certification and otherwise), in each case in form and substance satisfactory to the Vendors, acting reasonably.

## ARTICLE 4
## CONDITIONS OF CLOSING

### 4.1 Purchaser's Conditions

(1) The Purchaser shall be obliged to complete the Transactions only if each of the following conditions precedent has been satisfied in full at or before the Closing Time (each of which conditions precedent is acknowledged to be for the exclusive benefit of the Purchaser):

(a) all of the representations and warranties of each of the Vendors made in or pursuant to this Agreement shall be true and correct as at the Closing Time with the same effect as if made at and as of the Closing Time, including the representations and warranties in Section 5.2(31) (except as those representations and warranties may be affected by events or transactions expressly permitted by this Agreement);

(b) each of the Vendors shall have complied with or performed all of the obligations, covenants and agreements under this Agreement to be complied with or performed by each of them at or before the Closing Time, including the Vendors'

Closing deliveries specified in Section 3.2, to the satisfaction of the Purchaser, acting reasonably;

(c) all Approvals required from all relevant Governmental Authorities, including the Toronto Stock Exchange, to permit the completion of the Transactions shall have been obtained;

(d) all Approvals described in Schedule 5.2(25) of the Disclosure Letter shall have been obtained, in each case in form and substance satisfactory to the Purchaser, acting reasonably;

(e) there shall be no injunction or restraining order issued preventing, and no pending or threatened Claim against any Party, for the purpose of enjoining or preventing, the completion of the Transactions or otherwise claiming that this Agreement or the completion of the Transactions is improper or would give rise to a Claim under any Applicable Law;

(f) the Purchaser shall be satisfied, acting reasonably, on or before April 30, 2006, with the results of its due diligence review of the Corporate Group and the Business;

(g) there shall have been no Material Adverse Change since the Financial Statements Date; provided however, that the transactions specifically contemplated in this Agreement shall not constitute a Material Adverse Change;

(h) all shareholder advances by the Corporation and any other member of the Corporate Group shall be repaid by the Vendors or any other Persons not dealing at arm’s length (as defined in the Tax Act);

(i) Intentionally Deleted;

(j) Each of the Vendors shall have duly executed and delivered the Non-Competition Agreement;

(k) the Management Personnel shall have duly executed and delivered the Employment Agreements;

(l) Intentionally Deleted;

(m) all Class A Shares, Warrants and Class B Options shall have been either repurchased or redeemed, and any other Options shall have been terminated, without a payment by the Purchaser, the Corporation or any other member of the Corporate Group, and the Purchaser shall acquire, and the Purchased Shares shall represent, 100% of the issued and outstanding shares in the capital of the Corporation which, in turn, will own 100% of 1452938 Ontario Limited which, in turn, will own 100% of TMR and 1452938 Ontario Limited and Venture will be the sole partners of the Venture Partnership;

(n) the Vendors shall have provided to the Purchaser the Annual Financial Statements and the Interim Financial Statements; and

(o) the Corporation shall have sold or otherwise transferred the Non-Core Assets to Forever Young Classics & Collectibles Inc. for total cash consideration of $500,000 plus GST.

(2) If any of the conditions in Section 4.1(1) shall not be satisfied or fulfilled in full at or before the Closing Time, to the satisfaction of the Purchaser, acting reasonably, the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

(a) terminate this Agreement by notice in writing to the Vendors, except with respect to the obligations contained in Sections 9.1, 9.2, 9.3, and 9.4 which shall survive that termination; or

(b) waive compliance with any such condition in whole or in part by notice in writing to the Vendors, except that no such waiver shall operate as a waiver of any other condition or limit the ability of the Purchaser to sue for specific performance or damages arising from a condition not being satisfied or fulfilled at or before the Closing Time.

4.2 **Vendors' Conditions.**

(1) The Vendors shall be obliged to complete the Transactions only if each of the following conditions precedent has been satisfied in full at or before the Closing Time (each of which conditions precedent is acknowledged to be for the exclusive benefit of the Vendors):

(a) all of the representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct as at the Closing Time with the same effect as if made at and as of the Closing Time (except as those representations and warranties may be affected by events or transactions expressly permitted by or resulting from the entering into of this Agreement);

(b) the Purchaser shall have observed or performed all of the obligations, covenants and agreements under this Agreement which it must perform at or before the Closing Time, including the Purchaser's Closing deliveries specified in Section 3.3, to the satisfaction of the Vendors, acting reasonably;

(c) all Approvals required from all relevant Governmental Authorities to permit the completion of the Transactions shall have been obtained;

(d) there shall be no injunction or restraining order issued preventing, and no pending or threatened Claim against any Party for the purpose of enjoining or preventing, the completion of the Transactions or otherwise claiming that this Agreement or the completion of the Transactions is improper or would give rise to a Claim under any Applicable Law;

(e) the Purchaser shall have duly executed and delivered the amounts due on Closing including certificates evidencing the Share Consideration in accordance with Section 2.3;

(f) Intentionally Deleted; and

(g) the Corporation shall have executed and delivered the Employment Agreements.

(2) If any of the conditions in Section 4.2(1) shall not be satisfied or fulfilled in full at or before the Closing Time to the satisfaction of the Vendors, acting reasonably, the Vendors in their sole discretion may, without limiting any rights or remedies available to the Vendors at law or in equity, either:

(a) terminate this Agreement by notice in writing to the Purchaser, except with respect to the obligations contained in Sections 9.1, 9.2, 9.3, and 9.4 which shall survive that termination; or

(b) waive compliance with any such condition in whole or in part by notice in writing to the Purchaser, except that no such waiver shall operate as a waiver of any other condition or limit the ability of the Vendors to sue for specific performance or damages arising from a condition not being satisfied or fulfilled at or before Closing Time.

## ARTICLE 5
## REPRESENTATIONS AND WARRANTIES

### 5.1 **Representations and Warranties of the Vendors.**

Each of the Vendors jointly and severally represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its purchase of the Purchased Shares and that the Purchaser would not purchase the Purchased Shares without these representations and warranties:

(1) Organization and Status. If a Vendor is a corporation, it is a corporation duly incorporated and organized, and is validly subsisting under the laws of the jurisdiction under which it exists and is up-to-date in the filing of all corporate and similar returns under the laws of that jurisdiction. The Vendor Partnership is duly registered under the *Business Names Act* (Ontario).

(2) Corporate Power. If a Vendor is a corporation, it has all necessary corporate power and authority to own or lease or dispose of its undertakings, property and assets (including its Vendor's Shares), to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder.

(3) Authorization. If a Vendor is a corporation, all necessary corporate action has been taken by it or on its part to authorize its execution and delivery of this Agreement and the

contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations hereunder and thereunder.

(4) Enforceability. This Agreement has been duly executed and delivered by it and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of it enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. Each of the contracts, agreements and instruments required by this Agreement to be delivered by it will at the Closing Time have been duly executed and delivered by it and (assuming due execution and delivery by the other parties thereto) will be enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(5) Ownership of Vendor's Shares. Each Vendor is the respective registered and beneficial owner of its Vendor's Shares, with good and marketable title thereto, free and clear of all Encumbrances, and has the exclusive right to dispose of its Vendor's Shares as provided in this Agreement. None of its Vendor's Shares is subject to (i) any Contract or restriction which in any way limit or restrict the transfer to the Purchaser of its Vendor's Shares other than the transfer restrictions in the articles of the Corporation and (ii) any voting trust, pooling agreement, shareholder agreement, voting agreement or other Contract, arrangement or understanding with respect to the voting of its Vendor's Shares (or any of them). On completion of the Transactions, a Vendor will have no ownership interest in the Corporation, whether direct or indirect, actual or contingent, and the Purchaser shall have good title to its Vendor's Shares, free and clear of all Encumbrances other than Encumbrances granted by the Purchaser.

(6) No Other Agreements to Purchase. No Person other than the Purchaser has any Contract or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract for the purchase or acquisition from that Vendor of any of its Vendor's Shares.

(7) Bankruptcy. Each Vendor is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to the Vendor's creditors or any class thereof, and no petition for a receiving order has been presented in respect of the Vendor. No Vendor that is a corporation has initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of a Vendor or any of a Vendor's undertaking, property or assets (including a Vendor's Shares) and no execution or distress has been levied on any of a Vendor's undertakings, property or assets (including a Vendor's Shares), nor have any proceedings been commenced in connection with any of the foregoing.

(8) Absence of Conflict. The execution, delivery and performance by a Vendor of this Agreement and the completion of the Transactions will not (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligations, under:

(i) any Contract to which a Vendor is a party or by which any of a Vendor's undertakings, property or assets is bound or affected;

(ii) if the Vendor is a corporation any provision of its Constating Documents or resolutions of its board of directors (or any committee thereof) or shareholders;

(iii) any Approval issued to a Vendor, held by a Vendor, for a Vendor's benefit or necessary to the ownership of a Vendor's Shares; or

(iv) any Applicable Law;

(b) the creation or imposition of any Encumbrance on any of a Vendor's Shares; or

(c) the requirement of any Approval from any of a Vendor's creditors.

(9) Litigation. Except as disclosed in Schedule 5.1(9) of the Disclosure Letter, there are no Claims (whether or not purportedly on its behalf) pending or outstanding or, to its knowledge, threatened against it which could affect a Vendor's Shares or a Vendor's ability to perform the obligations under this Agreement. To the Vendor's knowledge there is not any factual or legal basis on which any such Claim might be commenced with any reasonable likelihood of success.

(10) Residence. No Vendor is a non-resident of Canada for purposes of the Tax Act.

(11) Securities Representations. Each of the Vendors is acquiring Share Consideration in his capacity as principal. Each of the Vendors is an "accredited investor" within the meaning given to that term in National Instrument 45-106. Each of the Vendors acknowledges that he has not received nor been provided with, nor has he requested, nor does he have any need to receive, any offering memorandum, prospectus, sales or advertising literature or any other document describing the business and affairs of the Purchaser which has been prepared for delivery to or review by prospective purchasers in order to assist him in making an investment decision in respect of the Share Consideration.

5.2 **Representations and Warranties of the Vendors Relating to the Corporate Group.**

Each of the Vendors jointly and severally represent and warrant to the Purchaser as follows and acknowledge that the Purchaser is relying on these representations and warranties in connection with its purchase of the Purchased Shares:

(1) Organization and Status. The Corporation owns all of the issued and outstanding shares of 1452938 Ontario Limited, 1452938 Ontario Limited owns all of the issued and

outstanding shares of TMR, and Venture and 1452938 Ontario Limited are the sole partners of Venture Partnership, all as set out in Schedule 5.2(1) of the Disclosure Letter. Each member of the Corporate Group is duly incorporated or registered as applicable and organized, and is validly subsisting, under the laws of Ontario and is up-to-date in the filing of all corporate and similar returns under the laws of that jurisdiction. Each member of the Corporate Group is duly registered, licensed or qualified as extra-provincial or foreign corporations, and in good standing and up-to-date in the filing of all corporate and similar returns, under the laws of the jurisdictions set out in Schedule 5.2(1) of the Disclosure Letter. The jurisdictions set out in Schedule 5.2(1) of the Disclosure Letter are the only jurisdictions in which the nature of the Business or the Assets makes the registration, licensing or qualification necessary.

(2) Corporate Power. Each member of the Corporate Group has all necessary corporate power and authority to own or lease the Assets and to carry on the Business as now being conducted by each of them.

(3) Authorized and Issued Capital. Schedule 5.2(3) of the Disclosure Letter sets out the authorized and issued shares of the Corporate Group, the names of the Persons who are shown on the securities register of the Corporate Group as the holder of any of the shares of the Corporate Group, the names of the Persons who are the beneficial owners of any of the shares, and the number and class of shares held or owned, as the case may be, by each Person both before, and at, the Closing Time. Exhibit "A" of the Disclosure Letter also sets out the names of the Persons who are shown on the securities register of the Corporate Group as the holders of Class A Shares, the names of the Persons who are the beneficial owners of the Class A Shares and the number of such Class A Shares held or owned, as the case may be, by each Person both before, and at, the Closing Time. Exhibit "B" of the Disclosure Letter also sets out the names of the Persons who are shown on the securities register of the Corporate Group as the holders of the Warrants and the Class B Options, the names of the Persons who are the beneficial owners of any of the Warrants and the Class B Options, and the number of Warrants and/or Class B Options held or owned, as the case may be, by each Person both before, and at, the Closing Time. All of the shares and Warrants and Class B Options indicated in Schedule 5.2(3) of the Disclosure Letter, Exhibit "A" of the Disclosure Letter and Exhibit "B" of the Disclosure Letter as being issued and outstanding have been, or were, as the case may be, validly issued and are, or were, as the case may be, outstanding as fully paid and non-assessable shares or Warrants or Class B Options, as the case may be, and were not issued in violation of the pre-emptive rights of any Person or any Contract or Applicable Law by which the Corporation was bound as the time of the issuance. The Corporation has never issued any of its shares to a trust resident in a country other than Canada. Other than as set out on Schedule 5.2(3) of the Disclosure Letter, there are no shareholders agreements, voting trusts, pooling agreements or other Contracts, arrangements or understandings in respect of the voting of any of the shares of the Corporate Group. As of Closing, there are no shareholders agreements, voting trusts, pooling agreements or other Contracts, arrangements or understandings in respect of the voting of any of the shares of the Corporate Group. True, accurate and complete copies of the Constating Documents (including all Contracts, arrangements and understandings set out in Schedule 5.2(3) of the Disclosure Letter) and other organizational documents of

the Corporate Group, or where those Contracts, arrangements or understandings are oral, true, accurate and complete written summaries of their terms, have been provided to the Purchaser.

(4) Options.
Except as set out in Schedule 5.2(4) of the Disclosure Letter no Person has any Contract or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any issued or un-issued shares or other securities of the Corporate Group.

(4.1) Repurchase of Class A Shares and Warrants and Termination of Class B Options. All of the outstanding Class A Shares and Warrants and Class B Options have been cancelled and there are no Class A Shares, Warrants or Class B Options, or other Options, issued and/or outstanding. None of the holders of Class A Shares or Warrants or Class B Options has an ownership interest in the Corporation, whether direct or indirect, actual or contingent.

(5) Absence of Conflict. The execution, delivery and performance of this Agreement by the Vendors and the completion of the Transactions will not (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligations, under:

(i) any Contract to which the Corporate Group is a party or by which the Business or any of Assets is bound or affected;

(ii) any provision of the Constating Documents or resolutions of the board of directors (or any committee thereof) or shareholders of the Corporate Group;

(iii) any judgement, decree, order or award of any Governmental Authority having jurisdiction over the Corporate Group;

(iv) any Approval issued to, held by or for the benefit of, the Corporate Group; or

(v) any Applicable Law.

(b) the creation or imposition of any Encumbrance over any of the Assets; or

(c) the requirement of any Approval from any of its creditors.

(6) Conduct of Business. The Corporate Group has complied with, and has conducted and is conducting the Business in compliance with, all Applicable Laws. The Business is the only business operation carried on by the Corporate Group and the Assets are sufficient to permit the continued operation of the Business in substantially the same manner as

conducted in the one year preceding the date of this Agreement. During the two year period preceding the date of this Agreement, there has not been any significant interruption of operations (being an interruption of more than one day) of the Business due to inadequate maintenance of any of the Assets.

(7) No Subsidiaries. Except as set forth in Schedule 5.2(7) of the Disclosure Letter, the Corporate Group has not owned and does not own and does not have any Contracts of any nature to acquire, directly or indirectly, any Equity Interests in any Person and the Corporate Group does not have any Contracts to acquire by any manner whatsoever or lease any other business operations.

(8) Bankruptcy. The Corporate Group is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Corporate Group has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Corporate Group or any of the undertaking, property or assets of the Corporate Group and no execution or distress has been levied on any of the Assets, nor have proceedings been commenced in connection with any of the foregoing.

(9) Location of Leased Property. Part I of Schedule 5.2(9) of the Disclosure Letter is a true, accurate and complete list of all real property and Appurtenances leased by one or more members of the Corporate Group (the "**Leased Property**"), and sets out in respect of each property, the municipal address and a true, accurate and complete legal description of that property. The Corporate Group is not the beneficial or registered owner of, or the lessor or lessee of, and has not agreed to acquire or lease, any real property or Appurtenances or any interest in any real property or Appurtenances, other than the Leased Property. Part II of Schedule 5.2(9) of the Disclosure Letter is a complete and accurate list of all other real property and Appurtenances, other than the Leased Property, which the Corporate Group has at any time owned, occupied, leased, managed or controlled, in which it has at any time had a legal or beneficial interest in, on which it has at any time conducted business or other operations or in respect of which it has been responsible for any business or operations conducted thereon, and sets out in respect of each property, the municipal address and accurate description of the nature and dates of the Corporate Group's ownership, occupation, leasing, management, control or other activity on or responsibility for, the property.

(10) Real Property Leases. Part III of Schedule 5.2(9) of the Disclosure Letter contains accurate and complete descriptions of all realty leases and agreements in the nature of a lease (including all renewals, assignments and subleases and agreements to lease in respect of any real property or Appurtenances to which the Corporate Group is a party (the "**Leases**")), whether as lessor or lessee.

(11) Leased Property Matters. The Corporate Group occupies the Leased Property and has the exclusive right to use and occupy the Leased Property in accordance with the Leases, except as disclosed in Schedule 5.2(11) of the Disclosure Letter. All Appurtenances

situated on the Leased Property are in good operating condition, given their age and usage, and in a state of good maintenance and repair, are adequate and suitable for the purposes for which they are currently being used and the Corporate Group has adequate rights of ingress and egress for the operation of the Business in the Ordinary Course. None of those Appurtenances (or any equipment therein), nor the operation or maintenance thereof, violates any restrictive covenant or any provision of any Applicable Law, or encroaches on any property owned by others. Without limiting the generality of the foregoing:

(a) the Leased Property, the current uses of and the conduct of the Business on those properties comply with all Applicable Laws including those dealing with zoning, parking, access, loading facilities, landscaped areas, building construction, fire and public health and safety and Environmental Laws;

(b) no alteration, repair, improvement or other work has been ordered, directed or requested in writing to be done or performed to or in respect of the Leased Property or to any of the plumbing, heating, elevating, water, drainage or electrical systems, fixtures or works by any Governmental Authority, which alteration, repair, improvement or other work has not been completed, and to the knowledge of the Vendors, no written notification has been given to the Corporate Group of any such outstanding work being ordered, directed or requested, other than those that have been complied with;

(c) all accounts for work and services performed and materials placed or furnished on or in respect of the Leased Property at the request of the Corporate Group have been fully paid and satisfied, and no Person is entitled to claim a lien or privilege under Applicable Law against the Leased Property or any part thereof, other than current accounts in respect of which the payment due date has not yet passed;

(d) there is nothing owing in respect of the Leased Property by the Corporate Group to any municipal corporation or to any other Person or commission owning or operating a public utility for water, gas, electrical power or energy, steam or hot water, or for the use thereof, other than current accounts in respect of which the payment due date has not yet passed;

(e) no part of the Leased Property has been taken or expropriated by any competent Governmental Authority nor to the knowledge of the Vendors has any notice or proceeding in respect thereof been given or commenced;

(f) the Permitted Encumbrances constitute all of the Encumbrances that affect the Corporate Group's interest in the Leased Property;

(g) each of the Leased Property (including all Appurtenances) is free of defects (patent or latent) and is fit for its present use and there are no structural repairs or replacements necessary or advisable and, without limiting the foregoing, there are no repairs to, or replacements of, the roof or the mechanical, electrical, heating, ventilating, air-conditioning, plumbing or drainage equipment or systems that are necessary or advisable as a result of patent defects, or to the knowledge of the Vendors, latent defects, and none of the Leased Property is currently undergoing any alteration or renovation nor is any such alteration or renovation contemplated; and

(h) the Leased Property is fully serviced and has suitable access to public roads, and there are no outstanding levies, charges or fees assessed against the Leased Property by any Governmental Authority (including development or improvement levies, charges or fees).

(12) Title to Other Property. The Corporate Group has good and marketable title to all of their respective Assets (other than the Leases and the Leased Property wherein they have good and marketable leasehold interest), free and clear of any and all Encumbrances other than the Permitted Encumbrances. All of the Assets used by the Corporate Group are free of defects (patent or latent), in good operating condition and in a state of good repair and maintenance.

(13) Owned Real Property. The Corporate Group does not and has never owned any interest in real property, except for the leasehold interests in the Leased Property.

(14) Personal Property. Schedule 5.2(14) of the Disclosure Letter is a true, accurate and complete list of each item of machinery, equipment, furniture, motor vehicles and other personal property and fixed assets owned or leased by the Corporate Group (including those in possession of third parties) which had a book value in the accounting records of the Corporate Group determined in accordance with GAAP, at the date of the Corporate Group's most recently completed financial year, of more than $50,000 (the "**Personal Property**").

(15) Personal Property Leases. Except as set forth in Schedule 5.2(15) of the Disclosure Letter, the Corporate Group does not have any equipment or chattel leases, rental agreements, conditional sales agreements, or similar agreements ("**Personal Property Leases**") relating to any of the Assets that involve payment by it in the future of more than $50,000 in the aggregate.

(16) Inventories. The Inventories accounted for on the Balance Sheet and the balance sheet of the Interim Financial Statements of the Corporation do not include any items that are slow moving, below standard quality or of a quality or quantity not usable or saleable in the Ordinary Course, the value of which has not been written down on its books of account to net realizable market value. The inventory levels of the Corporate Group have been maintained at such amounts as are required for the operation of the Business as previously and currently conducted and as currently contemplated to be conducted, and such inventory levels are adequate therefor.

(17) Accounts Receivable. To the knowledge of the Vendors, all Accounts Receivable are bona fide and good and have been incurred in the Ordinary Course. Subject to an allowance for doubtful accounts that has been reflected on the books of the Corporate Group in accordance with GAAP, all Accounts Receivable are collectible at their full

face value in the Ordinary Course without set-off or counterclaim. None of the Accounts Receivables is due from an Affiliate of the Corporate Group or from any of the Vendors or any employee of the Corporate Group.

(18) Intellectual Property.

(a) Schedule 5.2(18) of the Disclosure Letter is a true, accurate and complete list of the Intellectual Property and of all Contracts that comprise or relate to the Intellectual Property and sets out true, accurate and complete particulars of all registrations or applications for registration of the Intellectual Property.

(b) The Intellectual Property comprises all trade marks, trade names, business names, patents, inventions, know-how, copyrights, service marks, brand names, industrial designs and all other industrial or intellectual property necessary to conduct the Business. Except as set out in Schedule 5.2(18) of the Disclosure Letter, the Corporate Group is the beneficial owner of the Intellectual Property, free and clear of all Encumbrances, and is not a party to or bound by any Contract or other obligation whatsoever that limits or impairs its ability to sell, transfer, assign or convey, or that otherwise affects, the Intellectual Property. Except as set out in Schedule 5.2(18) of the Disclosure Letter, no Person has been granted any interest in or right to use all or any portion of the Intellectual Property.

(c) The Vendors do not have any knowledge of any infringement or breach of any industrial or intellectual property rights of any other Person by the Corporate Group, have not received any notice that the conduct of the Business, including the use of the Intellectual Property, infringes on or breaches any industrial or intellectual property rights of any other Person and do not have any knowledge of any infringement or violation of any of their rights or the rights of the Corporate Group in the Intellectual Property. To the knowledge of the Vendors, the conduct of the Business does not infringe on the patents, trade marks, licences, trade names, business names, copyright or other industrial or intellectual property rights, domestic or foreign, of any other Person.

(d) The Vendors do not have any knowledge of any state of facts that casts doubt on the validity or enforceability of any of the Intellectual Property. True, accurate and complete copies of all Contracts set out in Schedule 5.2(18) of the Disclosure Letter, or where those Contracts are oral, true, accurate and complete summaries of their terms, have been provided to the Purchaser.

(19) Information Technologies.

(a) Schedule 5.2(19) of the Disclosure Letter sets out a brief description of the Information Technologies and a true, accurate and complete list of all Material Contracts, including warranties, leases and licences, that comprise or relate to the Information Technologies.

(b) The Information Technologies adequately meet the data processing needs of the Business and the operations and affairs of the Corporate Group, in each case as presently conducted and as currently contemplated to be conducted. The Corporate Group has provided those people who have access to system application programs and data files used in the Information Technologies with pass codes to protect against unauthorized access, use, copying, modification, theft and destruction of those programs and files. The data processing and data storage facilities of the Corporate Group are adequate and properly protected. The Corporate Group has arranged for back-up data processing services adequate to meet its data processing needs in the event the Information Technologies or any of their components is rendered temporarily or permanently inoperative as a result of a natural or other disaster.

(c) All software which comprises part of the Information Technologies is either properly licensed software for which license fees have been paid up to date, or validly owned software that has been prepared internally and for which the Corporate Group has access to or ownership of the source code. None of the licences for software or owned software will be adversely affected by a change of ownership of shares in the capital of the Corporate Group or requires prior approval of any transfer or assignment to remain in force or effect.

(20) Insurance. The Assets of the Corporate Group are covered by fire and other insurance with responsible insurers against such risks and in such amounts as are reasonable for prudent owners of comparable assets. Schedule 5.2(20) of the Disclosure Letter sets out true, accurate and complete particulars of all insurance policies maintained by the Corporate Group (the "**Insurance Policies**"), specifying in each case, the name of the insurer, the risks insured against, the amount of the coverage, the policy number and any pending Claims thereunder. The Corporate Group is not in default, whether as to the payment of premiums or with respect to any other provision contained in any Insurance Policy and has not failed to give any notice or present any Claim under any Insurance Policy in a due and timely fashion. The Vendors have no reason to believe that any of the Insurance Policies will not be renewed by the insurer on the scheduled expiry of the policy or will be renewed by the insurer only on the basis that there will be an increase in premiums payable in respect of the policy. True, accurate and complete copies of all Contracts set out in Schedule 5.2(22) of the Disclosure Letter and of the most recent inspection reports, if any, received from insurance underwriters or others as to the condition of the Assets, or where those Contracts are oral, true, accurate and complete summaries of their terms, have been provided to the Purchaser.

(21) No Expropriation. None of the Assets have been taken or expropriated by any Governmental Authority nor has any notice or proceeding in respect thereof been given or commenced and to the knowledge of the Vendors, there is not any intent or proposal to give any such notice or commence any such proceeding.

(22) Material Contracts and Other Contracts. Except as set out in Schedule 5.2(22) of the Disclosure Letter and except as disclosed in any other Schedule to the Disclosure Letter, the Corporate Group is not a party to or bound by:

(a) any distributor, sales, advertising, agency or manufacturer’s representative or similar Contract;

(b) any continuing Contract for the purchase of materials, supplies, equipment or services which involves payment under that Contract of more than $50,000 except for purchases of Inventories in the Ordinary Course of the Business on terms and conditions not more onerous than those usual and customary to the industry relating to the Business;

(c) any employment or consulting Contract or any other written Contract with any officer, employee or consultant other than oral Contracts of indefinite hire terminable by the employer without cause on reasonable notice;

(d) any trust indenture, mortgage, hypothec, promissory note, debenture, loan agreement, guarantee or other Contract for the borrowing of money or a leasing transaction of the type required to be capitalized in accordance with GAAP;

(e) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the liabilities, obligations, indebtedness, or commitments (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person (except for cheques endorsed for collection);

(f) any Contract for charitable contributions or gifts of any of the Assets, other than donations in the Ordinary Course;

(g) any Contract for capital expenditures in excess of $50,000 in the aggregate;

(h) any Contract for the sale of any of the Assets or any part of the Business, other than sales of Inventories to customers in the Ordinary Course;

(i) any confidentiality, secrecy or non-disclosure Contract (whether the Corporate Group is a beneficiary or obligor thereunder) relating to any proprietary or confidential information or any non-competition or similar Contract;

(j) any Contract to which the Corporate Group is a party or by which the Corporate Group or any of the Assets are bound or attached made in the Ordinary Course which involves or may reasonably involve the payment to or by the Corporate Group in excess of $50,000 over the term of the Contract;

(k) any Contract that expires, or may expire if it is not renewed or extended at the option of any Person other than the Corporate Group, more than one year after the date of this Agreement;

(l) any Contract which adversely affects or which could adversely affect the Business or any of the Assets or is or could be burdensome to it;

(m) any hedging Contract, including a Contract for any future delivery of foreign currency; or

(n) any Contract entered into by the Corporate Group other than in the Ordinary Course.

True, accurate and complete copies of all Contracts set out in Schedule 5.2(22) of the Disclosure Letter (the "**Material Contracts**"), or where those Contracts are oral, true, accurate and complete summaries of their terms, have been provided to the Purchaser.

(23) No Default Under Contracts. The Corporate Group has performed all of the obligations required to be performed by it and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Material Contract. All such Material Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any such Material Contract. There is no dispute between the Corporate Group and any other party under any such Material Contract. Except as disclosed in the Schedules to the Disclosure Letter, none of such Material Contracts contain terms under which the execution or performance of this Agreement would give any other contracting party the right to terminate or adversely change the terms of that Material Contract or otherwise require the consent of any other Person. Except as disclosed in a schedule to this Agreement, none of those Material Contracts have been assigned, or if applicable subleased, in whole or in part.

(24) Permits. Except as disclosed in Schedule 5.2(24) of the Disclosure Letter, the Corporate Group has complied with all Applicable Laws in respect of the Business and the Corporate Group. Schedule 5.2(24) of the Disclosure Letter sets out a true, accurate and complete list of Permits issued to or held by or for the benefit of the Corporate Group, and there are no other Permits necessary to conduct the Business or to own, lease or operate any of the Assets. No such Permit contains any burdensome term, provision, condition, limitation which has or is likely to have any adverse effect on the Business. Each such Permit is valid, subsisting and in good standing. The Corporate Group is not in default or in breach of the terms of any Permit and, to the knowledge of the Vendors, no Claim is pending or threatened to revoke or limit any Permit. True, accurate and complete copies of all Permits set out in Schedule 5.2(24) of the Disclosure Letter (as amended to date) have been provided to the Purchaser.

(25) Regulatory and Third Party Approvals.

(a) Except as set out in Schedule 5.2(25) of the Disclosure Letter, there is no requirement to make any filing with, give any notice to or obtain any Permit as a condition to the lawful completion of the Transactions contemplated by this Agreement or to permit the Corporate Group to conduct their Business after Closing such the Business is currently conducted by the Corporate Group, except for the filings, notifications and Permits described in Schedule 5.2(25) of the Disclosure Letter or that relate solely to the identity of the Purchaser or the nature of any business carried on by the Purchaser.

(b) There is no requirement under any Contract relating to the Business, the Assets or the Corporate Group to which either a Vendor or the Corporate Group is a party or by which the Business, the Assets or the Corporate Group is bound or affected for any Approvals from any party to that Contract or from any other Person relating to the completion of the Transactions except for the Approvals described in Schedule 5.2(25) of the Disclosure Letter.

(26) Financial Statements. The Annual Financial Statements and the Interim Financial Statements have been prepared, and the Closing Audited Financial Statements will be prepared, in accordance with GAAP consistently applied throughout the periods indicated and fairly, completely and accurately present (or in the case of the Closing Audited Financial Statements, will present) the assets, liabilities (whether accrued, absolute, contingent or otherwise) and financial condition of the Corporate Group as at the respective dates indicated and the sales, earnings and results of operations of the Corporate Group throughout the periods indicated, except that in the case of the Interim Financial Statements the statements (i) do not have the note disclosure required by GAAP, and (ii) are subject to normally recurring year-end adjustments.

(27) Intentionally Deleted.

(28) Books and Records. The Books and Records fairly present and disclose the financial position of the Corporate Group as at the date of this Agreement and all financial transactions of the Corporation have been accurately recorded in the Books and Records. The system of internal accounting controls is sufficient to provide reasonable assurances that transactions are executed in accordance with management's general or specific authorization and that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets.

(29) Corporate Records. The minute books of the Corporate Group contain true, accurate and complete records of all of its Constating Documents and of every meeting, resolution and corporate action taken by the shareholders, the board of directors and every committee of either of them. No meeting of shareholders, the board of directors or any committee of either of them has been held for which minutes have not been prepared and are not contained in those minute books. The share certificate book, register of shareholders, register of directors and officers, securities register and register of transfer of the Corporate Group are true, accurate and complete.

(30) Undisclosed Liabilities. Except as set out in Schedule 5.2(30) of the Disclosure Letter, the Corporate Group has no liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise (including all outstanding amounts under notes, bonds, debentures and similar instruments), and is not a party to or bound by any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) of, any Person, that are not disclosed in the Financial Statements or disclosed in the Schedules to the Disclosure Letter, other than liabilities, obligations, indebtedness and commitments in

respect of trade or business obligations incurred after the Financial Statements Date in the Ordinary Course, that are not adverse to the Business or the Corporate Group.

(31) Absence of Changes. Since the Financial Statements Date, except as set out in Schedule 5.2(31) of the Disclosure Letter, the Corporate Group has carried on the Business and conducted its operations and affairs only in the Ordinary Course and the Corporate Group has not:

(a) made or suffered any Material Adverse Change;

(b) suffered any damage, destruction or loss (whether or not covered by insurance) affecting the Assets;

(c) incurred any liability, obligation, indebtedness or commitment (whether accrued, absolute, contingent or otherwise, and whether due or to become due), other than unsecured current liabilities, obligations, indebtedness and commitments incurred in the Ordinary Course;

(d) paid, discharged or satisfied any Encumbrance, liability, obligation, indebtedness or commitment of the Corporate Group (whether accrued, absolute, contingent or otherwise, and whether due or to become due) other than payment of accounts payable and Tax liabilities incurred in the Ordinary Course;

(e) declared, set aside or paid any dividend or made any other distribution with respect to any shares in the capital of the Corporate Group or redeemed, repurchased or otherwise acquired, directly, or indirectly any such shares;

(f) issued or sold or entered into any Contract for the issuance or sale of any shares in the capital of or securities convertible into or exercisable for shares in the capital of the Corporate Group, including Options;

(g) suffered any labour trouble or disruption, including any strike or lock out, adversely affecting the Corporate Group;

(h) made or granted any licence, sale, assignment, transfer, disposition, pledge, mortgage, hypothec or security interest or other Encumbrance on or over any of the Assets, except pursuant to Section 4.1(1)(o) hereof, and other than sales of Inventories to customers in the Ordinary Course;

(i) made any write-down of the value of any Inventories or any write-off as uncollectible of any Accounts Receivable or any portion thereof of the Corporate Group in amounts exceeding $75,000 in the aggregate;

(j) cancelled any debts or Claims or made any amendment, termination or waiver of any rights of value to the Corporate Group in amounts exceeding $75,000 in the aggregate;

(k) made any general increase in the compensation of employees of the Corporate Group (including, any increase pursuant to any Employee Plan or commitment); made any increase in any compensation or declared or paid any bonus payable to any Vendor, officer, employee, consultant or agent thereof; executed any employment contract with any officer or employee having an annual salary or remuneration in excess of $50,000; or made any loan to, or engaged in any transaction with, any Vendor or any employee, officer or director of the Corporate Group except for changes in the Ordinary Course;

(l) made any capital expenditures or commitments of the Corporate Group in excess of $75,000 in the aggregate;

(m) made any forward purchase commitments in excess of the requirements of the Corporate Group for normal operating Inventories or at prices higher than the current market prices;

(n) made any forward sales commitments other than in the Ordinary Course or any failure to satisfy any accepted order for goods or services;

(o) made any change in the accounting, costing or tax practices followed by the Corporate Group;

(p) made any change adopted by the Corporate Group in its depreciation or amortization policies or rates;

(q) made any change in the credit terms offered to customers of or by suppliers to the Corporate Group;

(r) terminated, cancelled or modified or received any notice of a request for termination, cancellation or modification of any Material Contract; or

(s) authorized or agreed to or otherwise committed to do any of the foregoing.

(32) <u>Taxes</u>.

(a) The Corporate Group has filed in the prescribed manner and within the prescribed times all Tax Returns required to be filed by it in all applicable jurisdictions before the Closing Date except for the Tax Returns due in respect of the taxation year ended December 31, 2005 for the Corporation and 1452938 Ontario Limited and January 31, 2006 for TMR. All such Tax Returns are complete and correct and disclose all Taxes required to be paid for the periods covered thereby. In particular, and without limitation, all management fees, dividends, salaries, bonuses and other payments made to any Party or an affiliate of such Party and any related party transactions have been properly reported and treated for tax purposes on such Tax Returns. To the knowledge of the Vendors, no claim has ever been made by a Governmental Authority in respect of Taxes in a jurisdiction outside Canada that any member of the Corporate Group is or may be subject to Tax by that jurisdiction. The Corporate Group has paid all Taxes and all instalments of Taxes due on or before the Closing Date. The Vendors have furnished to the Purchaser true, complete and accurate copies of all Tax Returns and any amendments thereto filed by the Corporate Group after December 31, 2000 and all notices of assessment and reassessment and all correspondence with Governmental Authorities relating thereto.

(b) Adequate provision shall be made in the Closing Audited Financial Statements for all Taxes of the Corporate Group for all Pre-Closing Periods.

(c) Canadian federal and provincial income and capital tax assessments have been issued to the Corporate Group covering all periods up to and including the fiscal year ended December 31, 2004 for the Corporation and 1452938 Ontario Limited and January 31, 2005 for TMR.

(d) Except as disclosed in Schedule 5.2(32) of the Disclosure Letter, there are no audits, assessments, reassessments or other Claims in progress or, to the knowledge of the Vendors, threatened against the Corporate Group, in respect of any Taxes and, in particular, there are no currently outstanding reassessments or written enquiries which have been issued or raised by any Governmental Authority relating to any such Taxes. No Vendor is aware of any contingent liability of the Corporate Group for Taxes or any grounds that could prompt a reassessment for Taxes, and the Corporate Group has not received any indication from any Governmental Authority that any reassessment is proposed.

(e) The Corporate Group has not acquired property or services from, or disposed of property or provided services to, a Person with whom it does not deal at arm's length (within the meaning of the Tax Act) for an amount that is other than the fair market value of such property or services, nor has the Corporate Group been deemed to have done so for purposes of the Tax Act. The Corporate Group has not acquired property from any Person in circumstances where the Corporate Group did or could have become liable for any Taxes payable by that Person.

(f) There are no agreements, waivers or other arrangements with any Governmental Authority providing for an extension of time with respect to the issuance of any assessment or reassessment, the filing of any Tax Return, or the payment of any Taxes by or in respect of the Corporate Group.

(g) The Corporate Group has paid all amounts required to be paid under the Canada Pension Plan and the *Employment Insurance Act* or similar legislation in the provinces and territories of Canada, and the Corporate Group has withheld or collected and remitted in a timely manner to the relevant Governmental Authority all Taxes or other amounts required to be withheld or collected and remitted by it. The Corporate Group has not received any requirement from any Governmental Authority pursuant to Section 224 of the Tax Act which remains unsatisfied in any respect.

(h) None of sections 80 to 80.04, both inclusive, of the Tax Act have applied or will apply to the Corporate Group at any time up to and including the Closing Date. The Corporate Group does not have any unpaid amounts that may be required to be included in income under Section 78 of the Tax Act.

(i) Each of the Venture Partnership and TMR is a registrant for purposes of the ETA and their respective registration numbers are: Venture Partnership - 89764 3912 RT0001 and TMR - 86511 6313 RT0001. All input tax credits claimed by the Corporate Group pursuant to the ETA have been proper, correctly calculated and documented.

(j) The Corporate Group keeps its Books and Records in compliance with section 230 of the Tax Act.

(33) Litigation. Except as disclosed in Schedule 5.2(33) of the Disclosure Letter, there are no Claims (whether or not purportedly on behalf of the Corporate Group) outstanding or pending or, to the knowledge of the Vendors, threatened, against or affecting, the Corporate Group or the Assets. To the knowledge of the Vendors, there is not any factual or legal basis on which any such Claim might be commenced. [redacted]

(34) Accounts and Attorneys. Schedule 5.2(34) of the Disclosure Letter is a true, accurate and complete list of the accounts and safety deposit boxes of the Corporate Group and of Persons holding general or special powers of attorney from the Corporate Group and sets out:

(a) the name of each bank, trust company or similar institution in which the Corporate Group has accounts or safety deposit boxes, the number or designation of each such account and safety deposit box and the names of all Persons authorized to draw thereon or to have access thereto; and

(b) the name of each Person holding a general or special power of attorney from the Corporate Group and a summary of the terms thereof.

True, accurate and complete copies of all general or special powers of attorney set out in Schedule 5.2(34) of the Disclosure Letter have been provided to the Purchaser.

(35) Directors and Officers. Schedule 5.2(35) of the Disclosure Letter is a true, accurate and complete list of the names and titles of all the officers and directors of the Corporate Group.

(36) Non-Arm's Length Transactions. Except as described in Schedule 5.2(36) of the Disclosure Letter, the Corporate Group has not made any payment or loan to, or borrowed any moneys from or is not otherwise indebted to, any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Corporate Group (within the meaning of the Tax Act), except as disclosed in the Annual Financial Statements and except for usual employee reimbursements and compensation paid in the

Ordinary Course. Except for Contracts of employment, the Corporate Group is not a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with the Corporate Group (within the meaning of the Tax Act).

(37) Environmental.

(a) The Corporate Group has been and is in compliance with all Applicable Laws (the "**Environmental Laws**") relating to the protection of the environment or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, transport or handling of any deleterious substances or good, hazardous, corrosive or toxic substances or materials, special wastes, wastes or any other substances, the storage, disposal, discharge, treatment, remediation or release into the environment of which is prohibited, controlled or regulated ("**Hazardous Substances**").

(b) The Corporate Group has obtained all Permits under Environmental Laws (the "**Environmental Permits**") required for the operation of its Business, all of which are listed in Schedule 5.2(37) of the Disclosure Letter. Each Environmental Permit is valid, subsisting and in good standing and the Corporate Group is not in default or breach of any Environmental Permit and no proceeding is pending or, to the knowledge of the Vendors, threatened, to revoke or limit any Environmental Permit.

(c) Except in compliance with all Environmental Laws, the Corporate Group has not used or permitted to be used, any of the Assets (including the Leased Property) or facilities or any property or facility that it has at any time owned, occupied, managed, or controlled or in which it has at any time had a legal or beneficial interest to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance.

(d) Except as disclosed in Schedule 5.2(37) of the Disclosure Letter, the Corporate Group has never received any written notice of, nor been prosecuted for an offence alleging, non-compliance with any Environmental Laws, and neither the Vendors nor the Corporate Group has settled any allegation of non-compliance with any Environmental Laws short of prosecution. There are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Business or any of the Assets, nor has the Corporate Group received written notice in the last five years of any of such orders or directions.

(e) The Corporate Group has not caused or permitted, and the Vendors do not have any knowledge of, the release, in any manner whatsoever, of any Hazardous Substance on or from any of the Assets or any property or facility that the Corporate Group previously owned or leased, except in accordance with Environmental Laws, or, except as disclosed in Schedule 5.2(37) of the Disclosure Letter, any such release on or from a facility owned or operated by third parties but with respect to which the Corporate Group is or may reasonably be alleged to have liability. All Hazardous Substances and all other wastes and other materials and substances used in whole or in part by the Corporate Group or resulting from the Business have been disposed of, treated and stored in compliance with all Environmental Laws.

(f) The Corporate Group has not received any written notice that it is potentially responsible for any clean-up or corrective action under any Environmental Laws at any site. No member of the Corporate Group has received any written request for information in connection with any federal, provincial, municipal or local inquiries as to disposal sites.

(g) The Corporate Group has not filed any record of site condition pursuant to the *Environmental Protection Act* (Ontario).

(h) True, accurate and complete copies of all internal and external environmental audits, evaluations, assessments, studies or tests relating to the Corporate Group or to any facility or property which the Corporate Group has at any time owned, occupied, leased, managed or controlled or in which it has at any time had a legal or beneficial interest, that are in the possession or control of the Corporate Group or their agents, have been provided to the Purchaser.

(38) <u>Employee Plans</u>.

(a) Schedule 5.2(38) of the Disclosure Letter identifies each non-salary plan, program or arrangement including deferred compensation, bonus or incentive compensation, share option or purchase, severance, termination pay, hospitalization or other medical benefit, life or other insurance, vision, dental, drug, sick leave, disability, salary continuation, vacation, supplemental unemployment benefits, profit sharing, incentive or other compensation, mortgage assistance, pension or supplemental pension, retirement compensation, group registered retirement savings, deferred profit sharing, employee profit sharing, savings, retirement or supplemental retirement, and any other similar plan, program or arrangement, whether funded or unfunded, formal or informal, that is maintained, contributed to, or required to be maintained or contributed to, by the Corporate Group, or to which the Corporate Group is a party, or bound by, or under which the Corporate Group has any liability or contingent liability for the benefit of directors, officers, shareholders, consultants, independent contractors and employees or former employees of the Corporate Group and their dependents (the "**Employee Plans**").

(b) A true, accurate and complete copy of each Employee Plan (as amended to date) has been provided to the Purchaser together with true, accurate and complete copies of all documents relating to each Employee Plan, including, as applicable:

(i) all documents establishing, creating or amending each Employee Plan, including all prior versions of those documents and amendments thereto;

(ii) all trust agreements and funding agreements;

(iii) all Contracts, including all insurance Contracts, investment management agreements, subscription agreements and participation agreements;

(iv) all statements of investment policies and procedures;

(v) all financial statements, accounting statements and reports, annual returns and investment reports for each of the last three years, the three most recent actuarial reports and cost certificates filed with the applicable pension regulator (the "**Pension Regulator**") and the three most recent actuarial reports and cost certificates prepared but not filed with the Pension Regulator;

(vi) all reports, returns, filings (including Tax Returns and filings) and material correspondence with any Governmental Authority, including all Approvals of the Pension Regulator relating to contribution or premium holidays and withdrawal of surplus, in the last three years; and

(vii) all literature, booklets, summaries, notices or manuals prepared for or circulated to employees generally concerning each Employee Plan;

(c) Each of the Employee Plans is, and has been, established, registered, qualified, administered and invested in compliance with:

(i) the terms thereof;

(ii) all Applicable Laws;

(iii) the administrative practices of the Pension Regulator and the CRA;

and the Corporate Group has not received, in the last three years, any notice from any Governmental Authority questioning or challenging that compliance, and the Vendors do not have any knowledge of any such notice from any Governmental Authority questioning or challenging that compliance prior to the last three years.

(d) Neither the Corporate Group nor any of their agents is in breach of its fiduciary duty with respect to the Employee Plans.

(e) All obligations due under the Employee Plans (whether pursuant to the terms thereof or any Applicable Law) have been satisfied, and there are no outstanding defaults or violations thereunder by the Corporate Group nor do the Vendors have any knowledge of any default or violation by any other Person in respect of the Employee Plans.

(f) Except as disclosed in Schedule 5.2(38) of the Disclosure Letter and as required by Applicable Law, there are no improvements, increases or changes to the benefits provided under the Employee Plans nor is there any pattern of ad hoc benefit increases and the Employee Plans do not provide for benefit increases or the acceleration of funding obligations that are contingent or will be triggered by the entering into of this Agreement or the completion of the Transactions.

(g) All employer and employee payments, contributions and premiums required to be remitted or paid to or in respect of the Employee Plans have been remitted or paid, in a timely fashion to or in respect of the Employee Plans in accordance with the terms thereof and all Applicable Laws, and no Taxes, non-Tax related interest, penalties or fees are owing or eligible under any of the Employee Plans.

(39) Labour Matters.

(a) That except as set forth in Schedule 5.2(39) of the Disclosure Letter:

(i) the Corporate Group has not entered into or is not a party to, either directly or by operation of law, any collective agreement, letters of understanding, letters of intent or other written communication with any trade union or association or organization that may qualify as a trade union or association, contingent or otherwise, which would cover any employees or dependent contractors of the Corporate Group; and

(ii) the employees of the Corporate Group are not subject to any collective agreements or letters of understanding, letters of intent or other written communication with any trade union or association or organization that may qualify as a trade union or association, contingent or otherwise, and are not, in their capacities as employees, represented by any trade union or association or organization that may qualify as a trade union or association.

(b) Except as set forth in Schedules 5.2(39) of the Disclosure Letter, there are no investigations, proceedings or complaints pending or, to the knowledge of the Vendors, threatened, by any Governmental Authority or between the Corporate Group and any employees or one or more parties representing any of those employees before any court, employment standards branch or tribunal or human rights tribunal. The Corporate Group is not liable for any arrears of wages, penalties or Taxes for failure to comply with any of the foregoing.

(c) To the knowledge of the Vendors, there are no organizational efforts currently being made, threatened by or on behalf of, any trade union or association or organization that may qualify as a trade union or association with respect to the employees of the Corporate Group. The Corporate Group has not experienced a work stoppage, strike, lock out or other labour disturbance within the past 3 years and there is no work stoppage, strike, lock-out or other labour disturbance currently occurring or, to the knowledge of the Vendors, threatened.

(d) Except as set forth in Schedule 5.2(39) of the Disclosure Letter, there are no outstanding decisions or settlements or pending settlements under applicable employment standards legislation that place any obligation on the Corporate

Group to do or refrain from doing any act. All costs, charges, experience rating assessments or other assessments or other liabilities, contingent or otherwise, under workers' compensation legislation or other legislation relating to industrial accidents and/or occupational diseases Claims applicable to the Corporate Group have been paid or accrued and there has not been any special or penalty charge or assessment or reassessment under such legislation against the Corporate Group that, to the extent required to be paid, has not been paid. No labour representatives hold bargaining rights with respect to any employees of the Corporate Group by way of certification, interim certification, voluntary recognition, designation or successor rights. No notice has been received by the Corporate Group that labour representatives have applied to be certified as the bargaining agent of any employees of the Corporate Group or that labour representatives have applied to have the Corporate Group declared a related or successor employer.

(40) Employees. (a) Schedule 5.2(40) of the Disclosure Letter contains a true, accurate and complete list of the names of all individuals who are employees, independent contractors or sales or other agents or representatives of the Corporate Group specifying with respect to salaried employees (whether or not the employee is absent for any reason other than vacation such as lay off, leave of absence, salary, insurance or workers' compensation) and sales or other agents or representatives, the length of service, age, title, rate of salary and commission structure for each such employee, agent or representative.

(b) Except as disclosed in Schedule 5.2(40) of the Disclosure Letter, no notice has been received by the Corporate Group of any complaint filed by any of the employees against the Corporate Group instituting a proceeding or claiming that the Corporate Group has violated the *Employment Standards Act* (Ontario) (or any applicable employee or human rights or similar legislation in the other jurisdictions in which the Business is conducted or the Corporate Group operates) or of any complaints or proceedings of any kind involving the Corporate Group or, to the knowledge of the Vendors, any of the employees of the Corporate Group before any labour relations board, except as disclosed in Schedule 5.2(40) of the Disclosure Letter. There are no outstanding orders or charges against the Corporate Group under the *Occupational Health and Safety Act* (Ontario) (or any applicable health and safety legislation in the other jurisdictions in which the Business is conducted). No employee has advised the Corporate Group that he or she intends to terminate his or her employment, including that he or she will terminate his or her employment if Transactions of the kind contemplated in this Agreement are completed. Except as disclosed in Schedule 5.2(40) of the Disclosure Letter, the Corporate Group is not party to any oral or written employment contract, consulting contract or similar agreement for the services of a particular individual or group of individuals that is not terminable on reasonable notice according to law without further liability to the Corporate Group. No employee has a written contract of employment.

(41) Employee Accruals. All accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, Canada pension plan premiums, accrued wages, salaries and commissions, unpaid but earned bonuses, tax payments made on behalf of employees for

car allowances and other benefits and employee benefit plan payments have been reflected in the Books and Records.

(42) Customers and Suppliers. Schedule 5.2(42) of the Disclosure Letter lists the 10 largest customers (by sales) and the 10 largest suppliers (by purchases) of the Corporate Group for the preceding 12 month period ending immediately prior to the date of this Agreement, and the aggregate amount that each customer was invoiced and each supplier was paid during that period. To the knowledge of the Vendors, except as set out in Schedule 5.2(31) of the Disclosure Letter neither the Corporate Group nor any Vendor has received notice of, and there is not, any intention on the part of any such customer to cease doing business with the Corporate Group or to modify or change in any Material manner any existing arrangement with the Corporation for the purchase or supply of any products or services. The relationships of the Corporate Group with each of its principal suppliers and customers are satisfactory, and there are no unresolved disputes with any such supplier or customer. No Contract with any supplier or customer contains terms under which the execution or performance of this Agreement would give the supplier or customer the right to terminate or adversely change the terms of that Contract. Since January 1, 2006, There has been no termination or cancellation of, and no modification or change in, the business relationship of the Corporate Group with any major customer or group of major customers. The Corporate Group has no reason to believe that the benefits of any relationship with any of the major customers or suppliers of the Corporate Group will not continue after the Closing Date in substantially the same manner as prior to the date of the Agreement.

(43) Inter-Company Services. Except for the services provided by Integrated Steel Management Inc. pursuant to the Material Contracts with such corporation listed in Schedule 5.1(22) of the Disclosure Letter, there are no inter-company services provided to the Corporate Group by any Affiliate of any of the Vendors.

(44) Product Warranties.

(a) Schedule 5.2(44) of the Disclosure Letter is a true, accurate and complete list of the standard terms and conditions of sale or lease for each of the products or services of the Corporate Group, complete and correct copies of which (containing applicable guarantee, warranty and indemnity provisions) have been furnished to the Purchaser. Except as required by Applicable Law or as set out in Schedule 5.2(44) of the Disclosure Letter, no product manufactured, sold, leased or delivered by, or service rendered by or on behalf of, the Corporate Group is subject to any guarantee, warranty, or other indemnity, express or implied, beyond the listed standard terms and conditions.

(b) Except as set out in Schedule 5.2(44) of the Disclosure Letter, the Corporate Group does not have any liability or obligation of any nature (whether known or unknown, accrued, absolute, contingent or otherwise, and whether due or to become due), whether based on strict liability, negligence, breach of warranty (express or implied), breach of contract or otherwise, in respect of any product, component or other item manufactured, sold, designed or produced prior to the

Closing by, or service rendered prior to the Closing by or on behalf of, the Corporate Group that (i) is not fully and adequately covered by policies of insurance or by indemnity, contribution, cost sharing or similar agreements or arrangements by or with other Persons, or (ii) is not otherwise fully and adequately reserved against as reflected in the Financial Statements.

(c) Except as set out in Schedule 5.2(44) of the Disclosure Letter, the Corporate Group has not entered into, or offered to enter into, any Contract pursuant to which the Corporate Group is or will be obliged to make any rebates, discounts, promotional allowances or similar payments or arrangements to any customer. All those obligations are reflected in the Annual Financial Statements or have been incurred after the Financial Statements Date in the Ordinary Course and will be reflected in the Closing Audited Financial Statements.

(45) Ethical Practices. To the knowledge of the Vendors, no Representative of any of the Vendors or of the Corporate Group or any other Person associated with any of the Vendors, the Corporate Group or any Representative of any of them, has directly or indirectly:

(a) made or received any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to or from any Person, private or public, regardless of form, whether in money, property or services (i) to obtain favourable treatment in securing business, (ii) to pay for favourable treatment in business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Corporate Group, or (iv) in violation of any Applicable Law; or

(b) established or maintained any fund or asset that has not been recorded in the Books and Records.

(46) Personal Information Laws. The Corporate Group is in compliance with Applicable Laws relating to the collection, use and disclosure of Personal Information.

(47) No Predecessors. No Person has been merged with the Corporate Group, by amalgamation, dissolution, arrangement or otherwise, in such a manner that the Corporate Group is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that Person.

(48) No Finder's Fees. Each Vendor and, to the knowledge of the Vendors, the Corporate Group, has not taken and will not take any action that would cause the Purchaser to become liable to any Claim for a brokerage commission, finder's fee or other similar arrangement.

(49) Full Disclosure. Neither this Agreement or any other contract, agreement, instrument, certificate or other document required to be delivered by or otherwise to be delivered pursuant to this Agreement by either or both of the Vendors or by the Corporate Group nor any certificate, report, statement or other document furnished by any or all of the Vendors or the Corporate Group in connection with the negotiation of this Agreement contains or will contain any untrue statement of a Material fact or omits or will omit to

state a Material fact necessary to make the statements contained herein or therein not misleading. There has been no event, transaction or information that has come to the attention of the Vendors or the Corporate Group that has not been disclosed to the Purchaser in writing that could reasonably be expected to have a Material Adverse Effect.

5.3 **Representations and Warranties of the Purchaser.**

The Purchaser represents and warrants to each Vendor as follows and acknowledges that each Vendor is relying on these representations and warranties in connection with the sale by that Vendor of its Vendor's Shares:

(1) Organization and Corporate Power. The Purchaser is a Corporation duly incorporated and organized, and is validly subsisting, under the laws of Alberta and is up-to-date in the filing of all corporate and similar returns under the laws of that jurisdiction. The Purchaser has all necessary corporate power and authority to acquire the Purchased Shares, to enter into this Agreement and to perform its obligations hereunder.

(2) Authorization. All necessary corporate action has been taken by or on the part of the Purchaser to authorize its execution and delivery of this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, including the Share Consideration, and the performance of its obligations hereunder and thereunder.

(3) Enforceability. This Agreement has been duly executed and delivered by the Purchaser and (assuming due execution and delivery by the other Parties) is a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction. Each of the contracts, agreements and instruments required by this Agreement to be delivered by the Purchaser will at the Closing Time have been duly executed and delivered by it and (assuming due execution and delivery by the other parties thereto) will be enforceable against it in accordance with its terms, except as that enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

(4) Bankruptcy. The Purchaser is not an insolvent Person within the meaning of the *Bankruptcy and Insolvency Act* (Canada) and has not made an assignment in favour of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Purchaser has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.

(5) Consents and Approvals. Except as set out in Schedule 5.3(5) of the Disclosure Letter, there is no requirement for the Purchaser to make any filing with or give any notice to any Governmental Authority or to obtain any Permit, as a condition to the lawful completion of the Transactions.

(6) Absence of Conflict. The execution, delivery and performance by the Purchaser of this Agreement and the completion of the Transactions will not (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligation, under:

(i) any Contract to which it is a party or by which any of its undertakings, property or assets is bound or affected;

(ii) any provision of its Constating Documents or resolutions of its board of directors (or any committee thereof) or shareholders;

(iii) any Approval issued to, held by or for the benefit of, the Purchaser;

(iv) any Applicable Law, including the *Securities Act* (Ontario) or the provisions of National Instrument 45-106 provided the representations and warranties of the Vendors contained in this Agreement relevant to such securities laws are true and correct; or

(b) the requirement for any Approval from any creditor of the Purchaser.

(7) Investment Canada. The Purchaser is a Canadian within the meaning of the *Investment Canada Act* (Canada).

(8) No Finder's Fees. The Purchaser has not taken, and will not take, any action that would cause a Vendor to become liable to any Claim for a brokerage commission, finder's fee or other similar arrangement.

(9) Reporting Issuer. The Purchaser is, and will at the Closing Time be, a "reporting issuer" (as defined in the *Securities Act* (Ontario)) and shall not at the Closing Time be included in a list of defaulting reporting issuers maintained by the Securities Commission. The common shares of the Purchaser are listed on the Exchange and the Purchaser has not received any order ceasing or suspending trading in any securities of the Purchaser or prohibiting the sale of the common shares or the trading of any of the Purchaser's issued securities and no proceedings for such purpose are pending or, to the best of the Purchaser's knowledge, threatened;

(10) Share Consideration.

(a) the issue by the Purchaser to the Vendors of the Share Consideration is exempt from the registration and prospectus requirements of the Applicable Securities Laws of the Province of Ontario and no document is required to be filed, proceeding taken or approval, consent or authorization of any regulatory authority required to be obtained by the Vendors in connection therewith other than the approval of the Exchange; provided, however, that the Purchaser is required to file with the Securities Commission within 10 days of the date of issue of the Share Consideration a report prepared and executed in accordance with Form 45-106F1 prescribed by National Instrument 45-106 in respect of the issue and delivery of the Share Consideration; and

(b) the Share Consideration will not be subject to a statutory hold period under the Applicable Securities Laws of the Province of Ontario or to any resale restriction under the policies of the Exchange which extends beyond four months and one day after the Closing Date, provided that the conditions set out in paragraphs 2.5(2) of National Instrument 45-102 are satisfied.

### 5.4 **Survival of Representations and Warranties of the Vendor.**

The representations and warranties of the Vendors and, to the extent that they have not been fully performed at or prior to the Closing Time the covenants and other obligations of the Vendors, contained in this Agreement and in any contract, agreement, instrument, certificate or other document executed or deliver pursuant to this Agreement shall survive Closing and shall continue for the benefit of the Purchaser notwithstanding the Closing, any investigation made by or on behalf of the Purchaser or any knowledge of the Purchaser, except that:

(a) the representations and warranties set out in Sections 5.1(1), 5.1(2), 5.1(3), 5.1(4), 5.1(5), 5.1(6), 5.1(7), 5.1(8) and 5.1(10), and Sections 5.2(1), 5.2(2), 5.2(3), 5.2(4), 5.2(4.1), 5.2(8), 5.2(12), 5.2(30) and 5.2(37) shall survive and continue in full force and effect without limitation of time;

(b) the representations and warranties set out in Sections 5.2(32) and 5.2(36) and 5.2(38) (insofar as Sections 5.2(36) and 5.2(38) relate to Tax matters) shall survive Closing and continue in full force and effect until, but not beyond, the 180th day following the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Tax legislation in respect of any taxation year to which those representations and warranties extend could be issued under that Tax legislation to the applicable member of the Corporate Group, provided the applicable Corporate Group did not file any waiver or other document extending that period;

(c) the remainder of the representations and warranties set out in Sections 5.1 and 5.2 (and the corresponding representations and warranties set out in the Closing Certificates) shall survive Closing and continue in full force and effect until the date which is 18 months after the Closing Date; and

(d) notwithstanding this Section 5.4, a Claim for any breach of any of the representations and warranties contained in this Agreement or in any contract, agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud or fraudulent misrepresentations may be made at any time following the Closing Date.

5.5 **Survival of the Representations and Warranties of the Purchaser.**

The representations and warranties of the Purchaser contained in this Agreement and in any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive Closing and continue in full force and effect until the date which is 18 months after the Closing Date. The covenants and other obligations of the Purchaser contained in this Agreement and in any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement, to the extent that they have not been fully performed at or prior to the Closing Time, shall survive Closing and shall continue for the benefit of the Vendors notwithstanding Closing.

5.6 **Termination of Liability.**

After the time periods referred to in Sections 5.4 and 5.5 (as applicable), no Party shall have any liability or obligations to the other Party in respect of any inaccuracy in or breach of any representation or warranty contained in this Agreement and any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement, except for (and only to the extent of) any Claim which has been made by the other Party and communicated to the Party making that representation and warranty prior to the expiry of those time limits, and in that event, only on the terms and conditions of and to the extent provided for in Section 7.4 and Article 8.

## ARTICLE 6
## COVENANTS

6.1 **Exclusive Dealings.**

During the Interim Period, the Vendors shall not, and shall cause the Corporate Group not to, take any action, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to, any Person, other than the Purchaser and its designated and authorized Representatives, concerning any sale, transfer or assignment of the Purchased Shares, any portion of the Business or the Assets. The Vendors shall notify the Purchaser promptly if any such discussions or negotiations are sought or if any proposal for a sale, transfer or assignment of the Purchased Shares, any portion of the Business or the Assets is received or being considered.

6.2 **Transfer of Documentation.**

(1) Except as otherwise provided in Section 3.2, on the Closing Date, the Vendors shall deliver, and shall cause to be delivered, to the Purchaser or make available to it at the Corporate Group's premises the Books and Records and all documents (or copies thereof) and other data, technical or otherwise, which are owned by any Vendor at the Closing Date, relating to the Corporate Group, the Business or the Assets. The Purchaser shall preserve all such documents delivered to it in accordance with the Purchaser's document retention procedures, or such longer period as is required by Applicable Law, and shall permit the Vendors or their authorized Representatives reasonable access thereto while

those documents are in the possession or control of the Purchaser solely to the extent that such access is required by the Vendors to perform their obligations under this Agreement or under Applicable Law but the Purchaser shall not be responsible or liable to a Vendor for, or as a result of any loss or destruction of or damage to, any such documents and other data unless such destruction, loss or damage is caused by the Purchaser's negligence or wilful misconduct. All reasonable out-of-pocket costs and expenses in connection with any access contemplated by this Section 6.2(1) shall be borne by the Party seeking access.

(2) Notwithstanding Section 6.2(1), the Vendors shall be entitled to retain copies of any documents or other data delivered to the Purchaser pursuant to Section 6.2(1) provided that those documents or data are reasonably required by the Vendors to perform their obligations hereunder or under Applicable Law. The Vendors shall retain any documents or data which relate to the Business and which is delivered to the Vendors pursuant to this Section 6.2(2) in confidence and shall not use or otherwise disclose the data or information contained therein except as permitted by Section 9.1(3).

6.3 **Investigation.**

(1) During the Interim Period, the Purchaser and its authorized Representatives shall be permitted to make such investigations, assessments, audits, inspections, surveys or tests (intrusive or otherwise) of the Corporate Group, Business and the Assets, and of their respective financial and legal condition as the Purchaser deems necessary or desirable to familiarize itself with Business, Assets and other matters. Without limiting the generality of the foregoing, the Purchaser shall, during normal business hours, be permitted free and unrestricted access to (i) all documents relating to information scheduled or required to be disclosed under this Agreement, (ii) the Books and Records, (iii) the Information Technologies, (iv) the Contracts, (v) the Leased Property, (vi) the employees of the Corporate Group, (vii) records regarding suppliers, customers and regulators, (viii) environmental reports, assessments, surveys, inspection reports, internal audits, manifests, incident reports and any and all correspondence with Governmental Authorities or third parties in respect of environmental matters, and (ix) all other reports prepared by advisors of the Corporate Group and their Affiliates, and the Vendors shall provide photocopies to the Purchaser of all such written information and documents as may be reasonably requested by the Purchaser.

(2) At the request of the Purchaser, the Vendors shall execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Corporate Group, the Business and any of the Assets or to enable the Purchaser or its authorized Representatives to obtain full access to all files and records relating to the Corporate Group or relating to any of the Assets maintained by Governmental Authorities and self-regulating authorities.

(3) At the Purchaser's request, the Vendors shall co-operate and assist with the Purchaser in arranging any meetings as the Purchaser should reasonably request with:

(a) employees of the Corporate Group;

(b) customers, suppliers, distributors or others who have or have had a business relationship with the Corporate Group; and

(c) auditors, solicitors, engineers, environmental experts or any other Persons engaged or previously engaged to provide services to the Corporate Group who have knowledge of matters relating to the Corporate Group and the Business;

(4) Provided that the Parties are able to obtain the prior written consent of the applicable landlord or landlords, where such consent is required under the terms of the applicable Lease, the Purchaser and its authorized Representatives shall be permitted to conduct all such testing and inspection in respect of environmental matters at such locations of the Business as the Purchaser may determine, in its sole discretion, as may be required to satisfy the Purchaser in respect of such matters, and the Vendors shall cause the Corporate Group to conduct, and the Corporate Group shall conduct, in co-operation with the Representatives or consultants of the Purchaser, such physical review of the equipment of the Business as is necessary so as to enable the confirmation of the values carried on the Balance Sheet of the Corporate Group in respect of such assets, to the reasonable satisfaction of the Purchaser. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.3 shall not mitigate or otherwise affect the representations and warranties of the Vendors under this Agreement, which shall continue in full force and effect as provided in Section 5.4.

6.4 **Risk of Loss.**

During the Interim Period, the Vendors shall cause the Corporate Group to maintain in force all the policies of business interruption insurance and of property damage insurance under which any of the Assets or the Business are insured. If before the Closing any of the Assets or part of the Business is lost, damaged or destroyed and the loss, damage or destruction constitutes a Material Adverse Change, then the Purchaser at its sole discretion may either:

(a) terminate this Agreement in accordance with the provisions of Section 4.1; or

(b) require the Vendors to reduce the Purchase Price by the amount of the replacement cost of the Assets and/or the Business which were lost, damaged or destroyed less the amount of any proceeds of insurance payable as a result of the occurrence.

6.5 **Change and Use of Name.**

Any Vendor shall, within 30 days from the Closing Date, cause themselves and any other entity which they Control (either alone or among them) to change the name of such entity if it includes the words “Venture” or “Venture Steel” to a name that does not include that word or words or any part thereof or any similar words.

6.6 **Conduct Prior to Closing.**

Without in any way limiting any other obligations of the Vendors and the Corporate Group hereunder, during the Interim Period:

(a) the Vendors shall cause the Corporate Group to conduct their Business and the operations and affairs of the Corporate Group only in the Ordinary Course, and the Corporate Group shall not, without the prior written consent of the Purchaser, enter into any transaction or refrain from doing any action that, if effected before the date of this Agreement, would constitute a breach of any representation, warranty, covenant or other obligation of the Vendors in this Agreement and, without limiting the generality of the foregoing, the Vendors shall cause the Corporate Group:

   (i) not to amalgamate, merge or consolidate with or acquire or agree to acquire all or substantially all of the shares and assets of any Person, not to acquire or lease or agree to acquire or lease any business operations or any Equity Interests in any other Person, not to acquire or agree to acquire any legal or beneficial interest in any real property or not to occupy, lease, manage or control or agree to occupy, lease or manage or control any facility or property;

   (ii) not to do any act or thing of the kind described in Sections 5.2(31) and 5.2(36) including, for greater certainty, not to declare or pay any bonuses or dividends to any of the Vendors or senior managers or any other Person related to such Person within the meaning of the Tax Act and to not, outside of the Ordinary Course, pay any other remuneration to such Persons;

   (iii) not to enter into any compromise or settlement of any litigation, proceeding or government investigation relating to the Business or any of the Assets;

   (iv) not to make any modification to its usual sales, human resource, accounting, software, or management practices, processes or systems;

   (v) not to enter into any Contract of the kind described in Section 5.2(22);

   (vi) not to move any part of the Business to any other location from which the Corporate Group does not carry on the Business at the date hereof; or

   (vii) not to make any change to its Constating Documents;

(b) the Vendors shall cause the Corporate Group:

   (i) to continue to maintain in full force and effect all the Insurance Policies or renewals thereof currently in effect; and

   (ii) to report all Claims or known circumstances or events which may give rise to a Claim to its insurers under the Insurance Policies in a due and timely manner to the Closing Date and to provide copies of those reports to the Purchaser.

(c) the Vendors shall use their best efforts to give or obtain or cause the Corporate Group to give or obtain, and the Corporate Group shall use its best efforts to obtain, the Approvals described in Schedule 5.2(25) of the Disclosure Letter;

(d) the Vendors shall use their best efforts to preserve, and cause the Corporate Group to preserve intact, the Business, the Assets, and the operations and affairs of the Corporate Group and to carry on the Business and the affairs of the Corporate Group as currently conducted, and to promote and preserve for the Purchaser the goodwill of suppliers, customers and others having business relations with the Corporate Group;

(e) the Vendors shall cause the Corporate Group to pay and discharge the liabilities of the Corporate Group in the Ordinary Course in accordance and consistent with the previous practice of the Corporate Group, except those contested in good faith by the Corporate Group;

(f) the Vendors shall use their best efforts to take and cause the Corporate Group to take, all necessary corporate action, steps and proceedings to approve or authorize, validly and effectively, the execution and delivery of this Agreement and the other agreements and documents contemplated hereby and to complete the transfer of the Purchased Shares to the Purchaser and to cause all necessary meetings of directors and shareholders of the Vendors and the Corporate Group to be held for that purpose;

(g) the Vendors shall and shall cause the Corporate Group to, periodically report to the Purchaser as it may reasonably request concerning the state of the Corporate Group, the Business and the Assets, including the occurrence of any event that may cause any of the representations and warranties given by the Vendors to be untrue at Closing Time; and

(h) the Vendors shall use their best efforts to satisfy the conditions contained in Section 4.1.

### 6.7 Delivery of Financial Statements.

The Vendors shall deliver the Annual Financial Statements and the Interim Financial Statements to the Purchaser on or before the Closing Date.

### 6.8 Vehicles.

The Purchaser agrees that the Principal and Forever Young Classics & Collectibles Inc. shall be entitled to maintain the automobiles that constitute Non-Core Assets at the 21 Corrine Court, Toronto warehouse leased by the Corporation for up to 90 days after Closing.

## ARTICLE 7
## TAX MATTERS

### 7.1 **Preparation and Filing of Tax Returns.**

The Vendors shall cause all income and capital Tax Returns of the Corporate Group that relate to Pre-Closing Periods, including for the taxation year end of the Corporate Group that will be deemed to have occurred as a result of the Transactions, and are not due for filing until after the Closing Date, to be prepared and submitted to the Purchaser for approval at least 30 days before the filing due-date thereof. The Purchaser or Vendors, as the case may be, shall provide the other with access to such Books and Records of the Corporate Group relating to the Pre-Closing Periods as the Vendors or Purchaser reasonably request for purposes of preparing or reviewing those tax returns. After approving those Tax Returns the Purchaser shall on a timely basis cause the Corporate Group to file the Tax Returns.

### 7.2 **Books and Records Relating to Taxes.**

Within 30 Business Days after the Closing Date, the Vendors shall deliver to the Purchaser the copies of all documents relating to Taxes of the Corporate Group in respect of the Pre-Closing Periods that the Vendors retained pursuant to Section 6.2(2) and copies of all working papers, correspondence and other documents prepared after the Closing Date which relate to Taxes for all Pre-Closing Periods.

### 7.3 **Notification Requirements.**

The Purchaser shall promptly forward to the Vendors all written notifications and other written communications from any Governmental Authority received by the Purchaser or the Corporate Group relating to Taxes of the Corporate Group for all Pre-Closing Periods, and shall promptly inform the Vendors of any audit proposed to be undertaken and any adjustment proposed in writing to be made by any Governmental Authority in respect of a Pre-Closing Period. Notwithstanding the obligation of the Purchaser to give prompt notice as required above, the failure of the Purchaser to give that prompt notice shall not relieve the Vendors of its obligations under this Article 7 except to the extent (if any) that the Vendors shall have been prejudiced thereby.

### 7.4 **Indemnification.**

From and after the Closing Date, each of the Vendors shall jointly and severally indemnify and save harmless the Purchaser from all Losses suffered or incurred by the Purchaser or the Corporate Group attributable to any inaccuracy in, or breach of, a representation and warranty made in Sections 5.2(32) and 5.2(36) and 5.2(38) and each of the Vendors shall jointly and severally be responsible for and shall indemnify and save harmless the Purchaser for all Taxes payable by the Corporate Group for all Pre-Closing Periods, except to the extent to which those Taxes have been provided for in the Closing Financial Statements.

### 7.5 **Purchaser's Contest Rights.**

Subject to Section 7.6, the Purchaser shall have the sole right to control, defend, settle, compromise, or prosecute in any manner an audit, examination, investigation, and other proceeding with respect to any Tax Return of the Corporate Group. The Purchaser shall keep the

Vendors duly informed of any proceedings in connection with any matter for which the Purchaser may have a right to indemnification pursuant to this Article 7 and promptly provide the Vendors with copies of all correspondence and documents relating to those proceedings. The Vendors shall execute or cause to be executed such documents and shall take such action as reasonably requested by the Purchaser to enable the Purchaser to take any action the Purchaser deems appropriate with respect to any proceedings in respect of which the Purchaser has contest rights under this Agreement.

7.6 **Vendors' Contest Rights.**

(1) At their own expense, the Vendors may at any time by written notice to the Purchaser elect to control, defend, settle, compromise or prosecute in any manner an audit, examination, investigation, or other proceeding with respect to Taxes or Tax issues related to any matter in respect of which the Purchaser may have a right of indemnification pursuant to this Article 7, except that:

(a) the Vendors shall deliver to the Purchaser a written agreement that the Purchaser is entitled to indemnification for all Losses arising out of that audit, examination or other proceeding and that the Vendors shall be liable for the entire amount of those Losses;

(b) the Vendors may not, without the written consent of the Purchaser, settle or compromise Taxes or Tax issues related to any matter which may affect Tax liabilities of the Purchaser or the Corporate Group for a Post-Closing Period; and

(c) the Vendors shall pay to the Purchaser the amount of all Taxes (including, for greater certainty, interest and penalties) specified in the notice of assessment or other Claim from the Governmental Authority to which the Purchaser's indemnity Claim relates within 10 Business Days before the amount is required to be paid to the Governmental Authority or within 10 Business Days after the Purchaser has forwarded to the Vendors a Claim for indemnity, whichever is later.

(2) The Purchaser and/or the Corporate Group, as applicable, shall execute or cause to be executed such documents or take such action as reasonably requested by the Vendors to enable the Vendors to take any action they deem appropriate with respect to any proceedings in respect of which the Vendors have contest rights under this Agreement. In addition:

(a) the Vendors shall keep the Purchaser duly informed of any proceedings in connection with any matter which may affect the Taxes payable by the Purchaser or the Corporate Group; and

(b) the Purchaser shall, at its request and own expense, be promptly provided with copies of all correspondence and documents relating to those proceedings and may, at its option and its own expense, participate in those proceedings through counsel of its choice.

## 7.7 **Indemnification Procedures.**

Except to the extent expressly provided to the contrary in this Article 7, the general procedures regarding notice and pursuit of indemnification Claims set forth in Article 8 shall apply to all Claims for indemnification made under this Article 7, except that notwithstanding any provision of Article 8 to the contrary, if a Claim for indemnification involves any matter covered in this Article 7, then the contest provisions of Sections 7.5 and 7.6, as applicable, shall control regarding the defence and handling of any such third party Claim that could give rise to an indemnification obligation on the part of any of the Vendors. Time for making a Claim for indemnification under this Article 7 shall be limited by Section 5.4(b).

## 7.8 **Non-Core Assets.**

In connection with the sale or transfer of the Non-Core Assets to Forever Young Classics & Collectibles Inc. for total cash consideration of $500,000 plus GST pursuant to Section 4.1(1)(o), the Parties agree as follows:

(i) the Non-Core Assets shall be sold or transferred to Forever Young Classics & Collectibles Inc. on an “as is, where is” basis, with no representations, warranties, covenants or indemnities of any kind provided by the Corporate Group in connection therewith;

(ii) the Parties agree to file tax returns in connection with such sale or transfer that provide, to the extent reasonably possible, that the book value of such Non-Core Assets equals the fair market value thereof;

(iii) the Corporate Group agrees, after the Closing Date, to not re-file any tax returns or amend any tax returns previously filed to change the historical values attributed to the Non-Core Assets; and

(iv) the Principal agrees to indemnify the Purchaser and the Corporate Group from and against any Losses which are made, or brought against, the Purchaser and/or the Corporate Group, or which they or any one of them suffers or incurs in respect of, as a result of, or arising out of, CRA, or any other Governmental Authority, deeming the fair market value of the Non-Core Assets to be greater than the book value as set forth in the tax returns filed by the Parties.

# ARTICLE 8
# INDEMNIFICATION

## 8.1 **Indemnification by the Vendors.**

Subject to this Article 8, each Vendor jointly and severally, and on behalf of its, his or her successors, executors, administrators, trustees, estate, beneficiaries, heirs and permitted assigns (which, for the purposes of this Article 8, shall be included in all references to an individual Vendor), covenants and agrees with the Purchaser and the Corporate Group to, jointly and severally, indemnify and save harmless the Purchaser and the Corporate Group, and their respective directors, officers, employees, and agents, from and against any Losses which are made, or brought against, the Purchaser, the Corporate Group, or their respective directors, officers, employees, or agents, or any one or more of them, or which they or any one or more of them suffers or incurs in respect of, as a result of, or arising out of:

(i) any non-fulfillment/non-performance/non-satisfaction of any covenant or agreement on the part of the Vendors, or any of them, contained in this Agreement or any agreement, document or certificate given pursuant to this Agreement;

(ii) any inaccuracy in or breach of any representation or warranty of the Vendors, or any of them, contained in this Agreement or any agreement, document or certificate given pursuant to this Agreement;

(iii) any environmental matters concerning the Assets;

(iv) all debts and liabilities of the Corporate Group, including liabilities for any Taxes, existing at the Closing Time and not disclosed on or included in the Closing Audited Financial Statements, save and except (A) liabilities accruing or incurred during the Interim Period in the Ordinary Course of the Business, consistent with past practice and (B) liabilities disclosed in this Agreement or any Schedule of the Disclosure Letter;

(v) all debts and liabilities which the Corporate Group becomes obligated to pay in connection with:

(A) the Link Litigation, subject to Section 8.12 hereof;

(B) the Crane & Hoist Litigation (it being acknowledged and agreed that any amounts payable by the Corporate Group in connection with such litigation shall be set off against any amounts contemporaneously received in connection with such litigation); and/or

(C) the management buy-out transactions involving the Corporate Group, as completed in 2004;

(vi) all debts, liabilities and Taxes of the Corporate Group associated with the Reorganization;

(vii) all debts and liabilities of the Corporate Group associated with the sale and transfer of the Non-Core Assets except as otherwise addressed in Section 7.8;

(viii) any failure to register, or to maintain the registration of, the Venture Partnership under the *Business Names Act* (Ontario);

(ix) any assessment or reassessment for Taxes for any period up to the Closing Date for which no adequate reserve has been provided for and disclosed in the Annual Financial Statements or the Closing Audited Financial Statements;

(x) the resignation and/or termination from the Corporate Group of Doug Baldwin and/or Shirley Rivas; and

(xi) the failure of the Vendors to obtain the Approval of Triple M Metal Inc. described in Schedule 5.2(25) of the Disclosure Letter.

8.2 **Indemnification by the Purchaser.**

Subject to this Article 8, the Purchaser covenants and agrees with the Vendors to indemnify and save harmless the Vendors, and their respective directors, officers, employees, and agents, from and against any Losses which are made, or brought against the Vendors, or their respective directors, officers, employees, or agents, or any one or more of them, or which they or any one or more of them suffers or incurs in respect of, as a result of, or arising out of:

(i) any non-fulfillment/non-performance/non-satisfaction of any covenant or agreement on the part of the Purchaser contained in this Agreement or any agreement, document or certificate given pursuant to this Agreement; and/or

(ii) any inaccuracy in or breach of any representation or warranty of the Purchaser contained in this Agreement or any agreement, document or certificate given pursuant to this Agreement.

8.3 **Obligation to Reimburse.**

The Party providing indemnification under this Agreement (the "**Indemnifying Party**") shall reimburse to the Party being indemnified under this Agreement (the "**Indemnified Party**") the amount of any Losses suffered or incurred by the Indemnified Party, as of the date that the Indemnified Party incurs any such Losses, together with interest thereon from that date until payment in full, at the rate per annum equal to the prime lending rate of the Royal Bank of Canada from time to time plus 2%, that payment being made without prejudice to the Indemnifying Party's right to contest the basis of the Indemnified Party's Claim for indemnification.

8.4 **Notice of Claim.**

(1) Promptly on becoming aware of any circumstances which have given or could give rise to a Claim of indemnification under this Article 8, the Party shall notify the other Parties of those circumstances. That notice shall specify whether the Losses arise as a result of a Claim by a Person against the Indemnified Party (a "**Third Party Claim**") or whether the Losses do not so arise (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent the information is available) the factual basis for the Claim and the amount of the Losses, if known.

(2) If through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability

susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party's failure to give that notice on a timely basis.

8.5 **Direct Claims.**

With respect to any Direct Claim, following receipt of notice from the Indemnifying Party of the Direct Claim, the Indemnifying Party shall have 60 days to make such investigation of the Direct Claim as is considered necessary or desirable. For the purpose of that investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied on by the Indemnified Party to substantiate the Direct Claim, together with such information as the Indemnifying Party may reasonably request. If the Parties agree at or prior to the expiry of this 60 day period (or agree to any extension of this period) to the validity and amount of that Direct Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full amount as agreed to by the Parties of the Direct Claim, failing which the matter shall be referred to binding arbitration in accordance with Section 9.11. For clarity, the Purchaser shall be deemed to have incurred or suffered Losses as of and from the Closing Date as a consequence of any reduction in the value of the Purchased Shares resulting from an inaccuracy or breach of any representation or warranty by the Vendors under this Agreement.

8.6 **Third Party Claims.**

(1) With respect to any Third Party Claim, the Indemnified Party shall be entitled (but not required), at its expense, to participate in or assume the conduct of the negotiations, settlement or defence of the Third Party Claim and, in that event, the Indemnifying Party shall reimburse the Indemnified Party for all of the Indemnified Party's out-of-pocket expenses as a result of that participation or assumption.

(2) If the Indemnifying Party elects to assume the conduct of the negotiations, settlement or defence of the Third Party Claim, the Indemnifying Party shall be entitled to retain counsel on behalf of the Indemnified Party who is acceptable to the Indemnified Party, acting reasonably, to represent the Indemnified Party of that Third Party Claim. In any Third Party Claim for which the Indemnifying Party elects to assume that conduct, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of that Third Party Claim and to retain separate counsel to act on its behalf but the fees and disbursements of that counsel shall be at the expense of the Indemnified Party unless:

(a) the Indemnified Party determines, acting reasonably, that actual or potential of conflicts of interests exists which makes representation chosen by the Indemnifying Party not advisable (such as where the named parties to that Third Party Claim include both the Indemnifying Party and the Indemnified Party, and the defences available to the Indemnified Party are different or in addition to those available to the Indemnifying Party); or

(b) the Indemnifying Party has authorized the retention of that counsel.

(3) If the Indemnifying Party, having elected to assume that conduct, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume that conduct, and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to that Third Party Claim. If any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Law to make a payment to any Person (a "**Third Party**") with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party shall provide prior written notice of that payment to the Indemnifying Party and thereafter may make that payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for that payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which that payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay the amount of that difference to the Indemnifying Party.

8.7 **Settlement of Third Party Claims.**

If the Indemnifying Party fails to assume conduct of the defence of any Third Party Claim, the Indemnified Party shall have the exclusive right to contest, settle or pay the amount claimed. Whether or not the Indemnifying Party assumes conduct of the negotiation, settlement or defence of any Third Party Claim, the Indemnifying Party shall not settle any Third Party Claim without the written consent of the Indemnified Party, which consent cannot be unreasonably withheld or delayed, except that the liability of the Indemnifying Party shall be limited to the proposed amount if any such consent is not obtained for any reason and the Indemnified Party shall indemnify and save harmless the Indemnifying Party from and against any Losses resulting from or arising out of the failure of the Indemnifying Party to consent to that settlement.

8.8 **Co-Operation.**

The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to that Third Party Claim (including supplying copies of all relevant documentation promptly as it becomes available). Where the defence of a Third Party Claim is being undertaken and conducted by the Indemnifying Party, the Indemnifying Party shall use all reasonable efforts to make available to the Indemnifying Party, at the request and expense of the Indemnifying Party, those employees of the Indemnified Party whose assistance, testimony or presence is reasonably necessary to assist the Indemnifying Party in evaluating and defending that Third Party Claim.

8.9 **Exclusivity.**

Unless otherwise provided in this Agreement, the provisions of this Article 8 shall apply to any Claim for breach of covenants, representation, warranty or other obligation or provision of this Agreement or any contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement (other than a Claim for specific performance or injunctive relief) and to any and all other indemnities provided in this Agreement or in any contract, agreement, instrument, certificate or other document delivered pursuant to this Agreement with the intent that all such Claims and indemnities shall be brought only in accordance with the specific provisions of this Article 8.

8.10 **Limitations on Amount.**

(1) Except for [redacted], (b) the Net Working Capital adjustment pursuant to Section 2.5 and (c) Sections 8.1(v), (vi), (vii), (viii), (x) and (xi); the Vendors shall not have any obligation to make any payment for Losses (for indemnification or otherwise) with respect to the matters described in Section 7.4, Section 8.1 or otherwise until the total of all Losses with respect to such matters exceeds $250,000. Once the total of all Losses with respect to such matters exceeds $250,000, the Vendors will be liable on the basis hereinafter provided for all such Losses, above the threshold amount.

(2) Except for payments of the Purchase Price hereunder, the Purchaser shall not have any obligation to make any payment for Losses (for indemnification or otherwise) with respect to the matters described in Section 8.2 or otherwise until the total of all Losses with respect to such matters exceeds $250,000. Once the total of all Losses with respect to such matters exceeds $250,000, the Purchaser will be liable on the basis hereinafter provided for all such Losses, above the threshold amount.

8.11 **Set Off**

Any final amount to be paid by the Vendors hereunder may be set off by the Purchaser against the Holdback Amount and the Share Consideration on a dollar-for-dollar basis, provided that any such amount shall, in the first instance, be set off by the Purchaser against the Holdback Amount, and, if required, the Share Consideration, and shall reduce the Purchase Price accordingly. The foregoing right of set-off in favour of the Purchaser is a non-exclusive remedy and is in addition to and not in substitution for any other rights and remedies available to the Purchaser pursuant to this Agreement or Applicable Law.

8.12 **Link Litigation**

Schedule 8.12 of the Disclosure Letter provides a description of the Link Litigation. The Vendors hereby represent and warrant to the Purchaser that they have made available to the Purchaser all materials in the possession of the Corporation and the Corporation's counsel in respect of this matter. [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(4) [redacted]

## ARTICLE 9
## GENERAL

9.1 **Confidentiality of Information.**

(1) For the purposes of this Section 9.1, "Confidential Information" of a Party at any time means all information relating to that Party which at the time is of a confidential nature (whether or not specifically identified as confidential), is known or should be known by the other relevant Party or its Representatives as being confidential, and has been or is from time to time made known to or is otherwise learned by the relevant other Party or any of its Representatives as a result of the matters provided for in this Agreement, and includes:

(a) the terms of this Agreement and of any other contract, agreement, instrument, certificate or other document to be entered into as contemplated by this Agreement;

(b) a Party's business records;

(c) all Books and Records and all other information and documentation with respect to the Corporation, the Business and the Assets provided by the Vendors and the Corporation to the Purchaser and its Representatives, including all notes, analyses, compilations, studies, summaries and other material prepared by the Purchaser and its Representatives as a result of the Books and Records, information or documentation; and

(d) all copies of documents and data retained by the Vendors pursuant to Section 6.2(2).

Notwithstanding the foregoing, Confidential Information does not include any information that at the time has become generally available to the public other than as a result of a disclosure by the other Party or any of its Representatives, any information that was available to the other Party or its Representatives on a non-confidential basis before the date of this Agreement or any information that becomes available to the other Party or its Representatives on a non-confidential basis from a Person (other than the Party to which the information relates or any of its Representatives) who is not, to the knowledge of the other Party or its Representatives, otherwise bound by confidentiality obligations to the Party to which the information relates in respect of the information or otherwise prohibited from transmitting the information to the other Party or its Representatives.

(2) Each Party shall (and shall cause each of its Representatives to) hold in strictest confidence and not use in any manner, other than as expressly contemplated by this Agreement, all Confidential Information of the other Parties.

(3) Subject to Section 9.2, Section 9.1(2) shall not apply to the disclosure of any Confidential Information where that disclosure is required by Applicable Law. In that case, the Party required to disclose (or whose Representative is required to disclose) shall, as soon as possible in the circumstances, notify the other Parties of the requirement of the disclosure including the nature and extent of the disclosure and the provision of Applicable Law pursuant to which the disclosure is required. To the extent possible, the Party required to make the disclosure shall, before doing so, provide to the other Parties the text of any disclosure. On receiving the notification, the other Parties may take any reasonable action to challenge the requirement, and the Party required to make the disclosure shall (or shall cause the applicable Representative to), at the expense of the other Parties, assist the other Parties in taking that reasonable action. Notwithstanding the foregoing, no disclosure shall be made of the amount of the Purchase Price, unless and to the extent required by Applicable Law.

(4) Following the termination of this Agreement in accordance with the provisions of Sections 4.1(2) or 4.2(2), each Party shall (and shall cause each of its Representatives to) promptly, on a request from any other Party, return to the requesting Party all copies of any tangible items (other than this Agreement), if any, that are or that contain Confidential Information of the requesting Party, except that if the Party so obligated to return Confidential Information or its Representatives have prepared notes, analyses, compilations, studies or summaries containing or concerning any Confidential Information, then that Party may, instead of returning the notes, analyses, compilations, studies or summaries, destroy them and provide a certificate to that effect to the requesting Party.

9.2 **Public Announcements.**

No Party shall make any public statement or issue any press release concerning the Transactions except as agreed by the Parties acting reasonably or as may be necessary, in the opinion of counsel to the Party making that disclosure, to comply with the requirements of all Applicable Law. If any public statement or release is so required, the Party making the disclosure shall consult with the other Parties before making that statement or release, and the Parties shall use all reasonable efforts, acting in good faith, to agree on a text for the statement or release that is satisfactory to the Parties.

9.3 **Disclosure and Consultation.**

(1) Before any public statement or press release concerning the Transactions, no Party shall disclose this Agreement or any aspect of the Transactions except to its board of directors, its senior management, its legal, accounting, financial or other professional advisors, any financial institution contacted by it with respect to any financing required in connection with the Transactions and counsel to that institution, or as may be required by any Applicable Law or as agreed by the Parties.

(2) The Vendors and the Purchaser shall consult with each other concerning the manner by which the Corporation's employees, customers, suppliers and other Persons having dealings with the Corporation shall be informed of the Transactions, and the Purchaser shall have the right to be present for any such communication.

9.4 **Expenses.**

Each Party shall pay all reasonable expenses (including Taxes imposed on those expenses) it incurs in the authorization, negotiation, preparation, execution and performance of this Agreement and the Transactions, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants; provided that:

(1) the Vendors' reasonable legal expenses (including Taxes and disbursements), to a maximum of [redacted] shall be paid for by the Corporation;

(2) to the extent that the Vendors' reasonable legal expenses related to Taxes and disbursements exceed [redacted] the Corporation and the Vendors' Counsel shall each assume liability for 50% of such excess amount but only to the extent that such excess amount is related to Taxes and disbursements; and

(3) in no event shall the Corporate Group have any obligation to make any payment for the Vendors' reasonable legal expenses (except for 50% of Taxes and disbursements as set forth in Section 9.4(2)) to the extent that such expenses exceed [redacted].

9.5 **Best Efforts.**

In this Agreement, unless specified otherwise, an obligation of any Party to use its best efforts to obtain any Approval shall mean the efforts a reasonable business person would undertake in order to complete the Transactions but shall not require the Party to make any payment to any Person for the purpose of procuring the Approval, except for payments for amounts due and payable to that Person, payments for incidental expenses incurred by that Person and payments required by any Applicable Law.

9.6 **No Third Party Beneficiary.**

This Agreement is solely for the benefit of the Parties and no third parties shall accrue any benefit, Claim or right of any kind pursuant to, under, by or through this Agreement.

### 9.7 **Entire Agreement.**

This Agreement together with the other agreements to be entered into as contemplated by this Agreement (the "**Other Agreements**") constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and the Other Agreements and supersede all prior correspondence, agreements, negotiations, discussions and understandings, written or oral.

### 9.8 **Time of Essence.**

Time is of the essence of this Agreement.

### 9.9 **Amendment.**

This Agreement may be supplemented, amended, restated or replaced only by a written agreement signed by each Party.

### 9.10 **Waiver of Rights.**

Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of that right. No single or partial exercise of any such right shall preclude any other or further exercise of that right or the exercise of any other right.

### 9.11 **Arbitration.**

Any dispute or need of interpretation arising out of this Agreement will be submitted to binding arbitration by one arbitrator with over fifteen (15) years of diverse professional experience in various segments of the Canadian manufacturing industry and who has not previously been employed by either Party, and does not have a direct or indirect interest in any of the Parties or the subject matter of the arbitration. Such arbitrator will either be as mutually agreed by the Parties within thirty (30) Days after written notice from either Party requesting arbitration, or failing agreement with such time period, will be selected under the rules of the *Arbitration Act* (Ontario). Such arbitration will be held in Toronto, Ontario. The arbitrator's decision will be final and binding and from which there shall be no appeal. Either Party may initiate arbitration by written notice to the other Party. The Parties agree that the foregoing shall in no way preclude either Party from any equitable remedy (injunction, etc.) and the application to the Courts of Ontario therefor.

### 9.12 **Jurisdiction.**

Each Party irrevocably and unconditionally attorns to the exclusive jurisdiction of the courts of the Province of Ontario.

### 9.13 **Governing Law.**

This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the Province of Ontario and the laws of Canada applicable in that province.

9.14 **Notices.**

(1) Any notice, demand or other communication (in this Section 9.14, a "**notice**") required or permitted to be given or made under this Agreement must be in writing and is sufficiently given or made if:

(a) delivered in person and left with a receptionist or other responsible employee of the relevant Party at the applicable address set forth below;

(b) sent by prepaid courier service or (except in the case of actual or apprehended disruption of postal service) mail; or

(c) sent by facsimile transmission, with confirmation of transmission by the transmitting equipment (a "**Transmission**");

Pursuant to Section 2.7, in the case of a notice to a Vendor, addressed to the Principal at:

23 Steeplechase Rd.
Aurora, Ont.
L4G 6W6

Attention: Ruben Rivas
Facsimile: 905-713-2452

with a copy to:

Stikeman Elliott LLP
199 Bay Street
5300 Commerce Court West
Toronto, Ontario M5L 1B9

Attention: David McCarthy
Facsimile: (416) 947-0866

and in the case of a notice to the Purchaser, addressed to it at:

25 Claireville Drive
Toronto, Ontario
M9W 5Z7

Attention: Niral V. Merchant, CFO
Facsimile No.: 416-352-1204

with a copy to:

Cassels Brock & Blackwell LLP
Scotia Plaza, Suite 2100
40 King Street West
Toronto, Ontario
M5H 3C2

Attention: Sheldon Plener
Facsimile No.: 416-350-6905

(2) Any notice sent in accordance with this Section 9.14 shall be deemed to have been received:

(a) if delivered prior to or during normal business hours on a Business Day, on the date of delivery;

(b) if sent by mail, on the fifth Business Day in the place where the notice is received after mailing, or, in the case of disruption of postal service, on the fifth Business Day after cessation of that disruption;

(c) if sent by facsimile during normal business hours on a Business Day in the place where the Transmission is received, on the same day that it was received by Transmission, on production of a Transmission report from the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the relevant facsimile number of the recipient; or

(d) if sent in any other manner, actual receipt;

except that any notice delivered in person or sent by Transmission not on a Business Day or after normal business hours on a Business Day, in each case in the place where the notice is received, shall be deemed to have been received on the next Business Day in the place where the notice is received.

(3) Any Party may change its address for notice by giving notice to the other Parties.

9.15 **Joint and Several Liability.**

All of the obligations and liabilities of any of the Vendors under this Agreement and under any Contract, certificate or other document delivered pursuant to this Agreement, including the representations and warranties and indemnities contained in this Agreement and in any such other Contract, certificate or other document, are and shall be deemed to be joint and several obligations and liabilities of them.

9.16 **Assignment.**

No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person except that the Purchaser may assign its rights and obligations under this Agreement to a wholly-owned Affiliate of the Purchaser.

9.17 **Further Assurances.**

Each Party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that any other Party may reasonably require, for the purposes of giving effect to this Agreement.

9.18 **Severability.**

If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to the other Parties or circumstances. The Parties shall engage in good faith negotiations to replace any provision which is so restricted, prohibited or unenforceable with an unrestricted and enforceable provision, the economic effect of which comes as close as possible to that of the restricted, prohibited or unenforceable provision which it replaces.

9.19 **Successors and Assigns.**

This Agreement shall be binding on, and shall enure to the benefit of, the Parties and their respective successors and permitted assigns.

9.20 **Independent Legal Advice.**

Each of the Vendors acknowledges that he has been advised of his right to obtain independent legal advice with respect to his rights and obligations hereunder and by his signature hereunder acknowledges and confirms that he has either obtained such advice or voluntarily waived his rights to such advice.

9.21 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to all other Parties by Transmission and the signature transmitted by Transmission shall be deemed to be its original signature for all purposes.

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement.

**ROYAL LASER CORP.**

Per: *"Niral Merchant"*
Niral Merchant

Per: *"Mike Farrugia"*
Mike Farrugia

I/we have authority to bind the corporation.

**1452939 ONTARIO LIMITED**

Per: *"Ruben Rivas"*
Ruben Rivas

I/we have authority to bind the corporation.

| | |
|---|---|
| SIGNED, SEALED & DELIVERED<br>In the presence of:<br><br>Witness | *"Ruben Rivas"*<br>**RUBEN RIVAS** |
| SIGNED, SEALED & DELIVERED<br>In the presence of:<br><br>Witness | *"Jason Purdie"*<br>**JASON PURDIE** |
| SIGNED, SEALED & DELIVERED<br>In the presence of:<br><br>Witness | *"Harry Louis Nelson"*<br>**HARRY LOUIS NELSON** |