

STUDENT TRANSPORTATION OF AMERICA LTD.

- and -

2154742 ONTARIO LIMITED

- and -

CANADEx RESOURCES LIMITED

SUPPORT AGREEMENT

November 20, 2007

This support agreement was negotiated at arm's length to provide contractual protections for the benefit of Canadex Resources Limited, Student Transportation of America Ltd. and 2154742 Ontario Limited and certain of their associated entities and not for purposes of disclosure to investors or any other purpose. The terms of this agreement may be varied or amended. Accordingly, investors and potential investors are cautioned that it would be inappropriate to rely on this document in making an investment decision.

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SCHEDULES

SCHEDULE “A” TERMS OF THE OFFER

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SUPPORT AGREEMENT

This support agreement is made as of the 20th day of November, 2007 between Canadex Resources Limited (the “**Company**”) and Student Transportation of America Ltd. and 2154742 Ontario Limited (collectively, the “**Offeror**”).

RECITALS:

- A. This Agreement sets out the terms and conditions upon which the Offeror will make, or cause to be made, an offer on the terms set forth in Schedule “A” for all of the issued and outstanding Shares of the Company and for all of the issued and outstanding shares of any Qualifying Holdco, all as more particularly described below (which offer, as the same may be amended from time to time in accordance with the provisions hereof, is herein called the “**Offer**”).
- B. Contemporaneously herewith, the Offeror has entered into the Lock-Up Agreements with certain Shareholders pursuant to which, among other things, the Offeror has agreed to make the Offer and such Shareholders have agreed to tender to the Offer all of the Shares held or hereafter acquired by them, all on the terms and subject to the conditions set forth in the Lock-Up Agreements.
- C. The Board, after receiving the recommendation of its Special Committee and consultation with its financial and outside legal advisors, has unanimously determined that the Offer is in the best interests of the Company and the holders of each class of Shares, has approved this Agreement and has resolved to support and to recommend that holders of each class of Shares accept the Offer.

THE PARTIES HERETO HEREBY AGREE AS FOLLOWS:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) “**Acquisition Proposal**” has the meaning ascribed thereto in Section 5.1(a)(i);
- (b) “**Board**” means the board of directors of the Company;
- (c) “**Books and Records**” means all books and records of the Company and its Subsidiaries or relating to the business and affairs of the Company and its Subsidiaries, including financial, personnel, corporate, operations and sales books, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections and all other documents, surveys, plans, files, records, correspondence, and other data and information, financial or otherwise including all data and information stored on

computer-related or other electronic media, and including any such books and records in the possession or under the control of Sun Pac;

- (d) **“Business Day”** means any day other than a Saturday, Sunday or day that is observed as a statutory or civic holiday in Toronto, Ontario or New York, New York;
- (e) **“Circular”** has the meaning ascribed thereto in Section 4.3(a);
- (f) **“Claim”** means any claim, demand, complaint, grievance, action, cause or right of action, damage, loss, cost, liability, obligation or expense, assessment or reassessment, including, without limitation, reasonable professional fees and all reasonable costs incurred in investigating or pursuing any of the foregoing, or any proceeding, arbitration, mediation or other dispute resolution procedure relating to any of the foregoing, or any orders, writs, injunctions or decrees of any Governmental Entity;
- (g) **“Class A Shares”** means the class A preference shares in the capital of the Company;
- (h) **“Common Shares”** means the common shares without par value in the capital of the Company;
- (i) **“Company Documents”** means the Company’s:
 - (i) annual information form dated September 28, 2007 and filed on October 1, 2007 with the CSA in respect of the financial year ended June 30, 2007;
 - (ii) management information circular dated October 13, 2006 in respect of the annual meeting of the Company’s shareholders held on December 8, 2006; and
 - (iii) the Financial Statements and related management’s discussion and analysis.
- (j) **“Company Intellectual Property”** means Intellectual Property that has been developed by or for, or is being developed by or for, the Company or any of its Subsidiaries or that is owned or being used by the Company or any of its Subsidiaries, in each case that is material to the conduct of the business of the Company and its Subsidiaries, on a consolidated basis, as currently conducted;
- (k) **“Company Reports”** means each prospectus, management information circular, annual information form, material change report and the annual and interim consolidated financial statements and related management’s discussion and analysis of the Company filed with the CSA within the three years preceding the date of this Agreement;
- (l) **“Competing Proposal”** means: (i) any merger, take-over bid, amalgamation, plan of arrangement, business combination, consolidation, or similar transaction in

respect of the Company; (ii) any purchase or other acquisition by a Person of such number of Shares or any rights or interests therein or thereto which, together with such Person's other direct or indirect holdings of Shares and the holdings of any other Person or persons with whom such first Person may be acting jointly or in concert, constitutes at least 50.01% of the outstanding Shares of any class; (iii) any similar business combination or transaction, of or involving the Company; or (iv) any proposal or offer to, or public announcement of an intention to do, any of the foregoing, from any Person other than the Offeror or any of its affiliates, in any case that is made either (i) prior to the termination of this Agreement or (ii) prior to the termination of another Competing Proposal;

- (m) **“Compulsory Acquisition”** means a compulsory acquisition pursuant to the compulsory acquisition provisions of Part XV of the OBCA;
- (n) **“Confidentiality Agreement”** means the confidentiality and standstill agreement dated June 20, 2007 between an affiliate of the Offeror and the Company;
- (o) **“Contemplated Transactions”** means the making of the Offer, the entering into of the Lock-Up Agreements, the consummation of the transactions contemplated herein and all actions and negotiations in the contemplation thereof, including the Offer, the take-up of Shares under the Offer, the Lock-Up Agreements, any Compulsory Acquisition, any Subsequent Acquisition Transaction and any subsequent amalgamation of the Offeror and the Company;
- (p) **“Control”** means:
 - (i) when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person at the relevant time of shares of such corporation carrying more than the greater of 50% of the voting rights ordinarily exercisable at meetings of shareholders of such corporation and the percentage of voting rights ordinarily exercisable at meetings of shareholders of such corporation that are sufficient to elect a majority of the directors of such corporation; and
 - (ii) when applied to the relationship between a Person and a partnership or joint venture, the beneficial ownership by such Person at the relevant time of more than 50% of the ownership interests of the partnership or joint venture in circumstances where it can reasonably be expected that such Person has the power to direct the affairs of the partnership or joint venture;

and the words **“Controlled by”**, and similar words have corresponding meanings; provided that a Person who Controls a corporation, partnership or joint venture (the **“Second-mentioned Person”**) shall be deemed to Control a corporation, partnership or joint venture which is Controlled by the Second-mentioned Person and so on;

- (q) “**CSA**” means the provincial and territorial securities regulators constituting the Canadian Securities Administrators;
- (r) “**Data Room Information**” means the documents made available to the Offeror on the Company’s web data site as of 5:00 p.m. (EST) on November 19, 2007;
- (s) “**Directors Circular**” has the meaning ascribed thereto in Section 4.3(a);
- (t) “**Disclosure Letter**” means the letter of the Company dated the date of this Agreement, and delivered by the Company to the Offeror prior to or concurrently herewith and signed by the Company and the Offeror;
- (u) “**Easements**” means all easements, rights-of way, licenses, authorizations, permits, and similar rights and interests applicable to, or used or useful in connection with, any or all of the Wells, Leases or Lands;
- (v) “**Effective Date**” means the first date on which the Offeror has taken up and paid for Shares under the Offer and “**Effective Time**” means the time on such date that the Offeror has taken up and paid for Shares under the Offer;
- (w) “**Employee Plans**” has the meaning ascribed thereto in Section 3.2(y)(iv);
- (x) “**Environmental Laws**” means all applicable federal, provincial, state, municipal, local and foreign Laws or Environmental Permits imposing liability or standards of conduct for or relating to the regulation of activities, materials, substances or wastes in connection with or for or to the protection of human health, safety, the environment or natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation) and under common Law;
- (y) “**Environmental Liabilities**” means, with respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs and expenses, fines, penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative order, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common Law, relating to any environmental or health and safety matter arising under or related to any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property;
- (z) “**Environmental Permits**” means all permits, licenses, written authorizations, certificates, approvals, program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;

- (aa) **“Equivalent Insurance”** means an insurance policy that is substantially equivalent in terms of amount, scope, exclusions, deductibles and limitations to the Company’s current directors’ and officers’ liability insurance policy;
- (bb) **“Facilities”** shall mean all pipelines, personal property, equipment, fixtures, and improvements located on and appurtenant to the Leases and Lands or elsewhere insofar as they are used or obtained in connection with the operation of the Leases or relate to the production, treatment, sale, or disposal of Hydrocarbons or water produced from the Leases or Lands or attributable thereto;
- (cc) **“Filed CSA Documents”** means any documents filed with the CSA that are disclosed under the Company’s profile on the SEDAR website;
- (dd) **“Financial Statements”** means the audited financial statements of the Company for the financial years ended and as at June 30, 2007 and June 30, 2006, and the unaudited financial statements of the Company for the three months ended and as at September 30, 2007, prepared, in each case on a consolidated basis, and the notes thereto, in each case in the form in which the Company filed them, with the CSA;
- (ee) **“Good and Defensible Title”** means such title to the Oil and Gas Properties that (a) entitles the Company to receive not less than the Net Revenue Interests in all oil, gas, condensate and related hydrocarbons produced from the Oil and Gas Properties described in the Disclosure Letter without decrease and (b) obligates the Company to bear not more than the Working Interests in the Oil and Gas Properties described in the Disclosure Letter without increase (unless there is a corresponding increase in the Net Revenue Interests) and is free and clear of all liens and encumbrances, except for Permitted Encumbrances;
- (ff) **“Governmental Entity”** means any (i) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, commissioner, tribunal, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above;
- (gg) **“Hardware”** means computer hardware, mainframes, personal computers, servers, client server stations, network equipment, routers, semi conductor chips, embedded Software, communication lines and other equipment;
- (hh) **“Hazardous Material”** means any solid, liquid, gas, heat, odour, sound, vibration, radiation or combination thereof which is defined in, regulated by, or forms the basis of liability under, any Environmental Laws, including any material or substance which is defined as a “waste”, “solid waste”, “hazardous waste”, “hazardous material”, “hazardous substance”, “dangerous good”, “extremely hazardous waste”, “restricted hazardous waste”, “pollutant”, “contaminant”, “hazardous constituent”, “special waste”, “toxic substance” or

other similar term or phrase under any Environmental Laws, or petroleum or any fraction or by-product thereof, asbestos, substances used for dry-cleaning and the waste and breakdown products thereof, polychlorinated biphenyls (PCB's), or any radioactive substance;

- (ii) **“Holdco Alternative”** means the option of all of the holders of shares in the capital of a Qualifying Holdco to tender all of the issued and outstanding shares in the capital of such Qualifying Holdco to the Offeror under the Offer, as more fully described herein, in exchange for such cash amount as is equal in the aggregate to the amount of cash that would have been payable under the Offer for the Shares of the class owned by such Qualifying Holdco so that, as a result, the Qualifying Holdco Shareholders who elect the Holdco Alternative will receive the identical consideration that would otherwise have been received by the Qualifying Holdco if it had tendered its Shares of that class into the Offer;
- (jj) **“Holdco Letter of Transmittal and Election Form”** means the letter of transmittal and election form for use by a Qualifying Holdco Shareholder who elects the Holdco Alternative, which letter of transmittal and election form:
 - (i) must be submitted to the depositary named therein no later than 10 Business Days prior to the Effective Date together with the certificates representing all the Qualifying Holdco Shares and the Shares held by the Qualifying Holdco, in which event the Offeror will determine whether the conditions to the availability of the Holdco Alternative have been satisfied and will communicate such determination to the Qualifying Holdco Shareholder at or before 5:00 p.m. on the 5th Business Day prior to the Effective Date;
 - (ii) will contain an undertaking whereby the Qualifying Holdco Shareholder agrees to pay or reimburse the Offeror for its reasonable expenses incurred in connection with the preparation and review of such documentation and matters, whether or not the Proposed Transaction is completed, subject to a minimum of \$5,000;
 - (iii) will contain usual and customary representations and warranties including that:
 - (A) the Qualifying Holdco is a new corporation that was incorporated on or after the date of the Offer and is a single-purpose company and has no assets other than Shares of one class (but not the other) and no liabilities whatsoever, actual or contingent,
 - (B) all of the issued Qualifying Holdco Shares are held by the Qualifying Holdco Shareholder,
 - (C) in respect of tax matters, among other things, that such Qualifying Holdco has duly and timely paid all taxes which are or have been due and payable by it, has duly and timely filed all required tax

- returns with the appropriate taxing or other Governmental Entity and is a taxable Canadian corporation for purposes of the Tax Act;
- (D) there are no claims, investigations, actions, suits, or proceedings pending or threatened against or relating to such Qualifying Holdco; and
 - (E) the Qualifying Holdco owns its Shares as capital property for purposes of the Tax Act;
- (iv) will contain an undertaking and covenant of the Qualifying Holdco Shareholder:
- (A) to provide the Offeror with full access to the Books and Records of the Qualifying Holdco;
 - (B) to indemnify and save harmless the Company and the Offeror and their respective successors from all claims, demands, proceedings, losses, damages, liabilities, deficiencies, costs and expenses (including, without limitation, reasonable legal and other professional fees and disbursements, interest thereon, penalties and amounts paid in settlement) suffered or incurred by any of them as a result of or arising directly or indirectly out of or in connection with any breach of any representation, warranty, obligation or covenant of such Qualifying Holdco Shareholder contained in such letter of transmittal and election form;
 - (C) to deliver reasonable security if requested by the Offeror for such indemnity; and
 - (D) to prepare and file, at its own cost and expense, all Tax Returns of the Qualifying Holdco in respect of all periods ending on or prior to the Effective Date subject to the Offeror's right to approve all such Tax Returns as to form and substance;
- (kk) **“Hydrocarbons”** means the oil, condensate, natural gas, natural gas liquids, and other minerals produced from the Wells and attributable to Company's interest therein;
- (ll) **“including”, “includes”** or similar expressions are not intended to be limiting and are deemed to be followed by the expression “without limitation”;
- (mm) **“Intellectual Property”** means any and all intellectual property and intellectual property rights including patents, copyrights, Trade-marks, and industrial designs (including registrations of and applications for all of the foregoing in any jurisdiction and renewals, divisions, extensions and reissues, where applicable, relating thereto), trade secrets, confidential information, technology and Software;
- (nn) **“Lands”** means the lands which are encompassed by the Leases;

- (oo) “**Latest Mailing Time**” has the meaning ascribed thereto in Section 2.1;
- (pp) “**Laws**” means all applicable laws, including common law and, to the extent compliance therewith is required by any Governmental Entity, statutes, by-laws, rules, regulations, orders, ordinances, protocols, codes, published guidelines, treaties, policies, notices, decrees, directions, circulars, decisions and judgments;
- (qq) “**Leases**” means all oil, gas and mineral leases and the leasehold estates created thereby in which the Company has an interest and/or which relate to the Wells, and all of the Lands covered by said Leases, together with corresponding interests in and to all the property and rights incident thereto, including all rights in any pooled or unitized acreage by virtue of the Lands being a part thereof, all production from the pool or unit allocated to any such Lands; and all interests in any Wells within the pool or unit associated with the Lands;
- (rr) “**Liens**” means any hypothecs, mortgages, liens, charges, security interests, encumbrances and adverse claims;
- (ss) “**Lock-Up Agreement**” means the forms of lock-up agreement included at Schedules “B” and “C”;
- (tt) “**Material Adverse Effect**” means, with respect to the Company, a fact, circumstance, change, effect, occurrence or event that, individually or in the aggregate, has or would reasonably be expected to (A) have a material adverse effect on the condition (financial or otherwise), operations, results of operations, business, assets, liabilities (including contingent liabilities) or capital of the Company and its Subsidiaries taken as a whole or (B) prevent the Company from performing its obligations under this Agreement in any material respect; provided, however, that any such fact, circumstance, change, effect, occurrence or event to the extent arising as a result of:
 - (i) changes in general economic or political conditions or the securities markets including changes in international financial or currency exchange markets;
 - (ii) changes in accounting rules;
 - (iii) changes affecting generally the industries in which the Company or any of its Subsidiaries conducts business;
 - (iv) the announcement of the Contemplated Transactions or other communication by the Offeror of its plans or intentions with respect to any of the businesses of the Company or any of its Subsidiaries or their respective investments;
 - (v) the consummation of the Contemplated Transactions or any actions by the Offeror or the Company taken pursuant to this Agreement; or

- (vi) any natural disaster or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof,

shall be deemed not to constitute a “Material Adverse Effect” and shall not be considered in determining whether a “Material Adverse Effect” has occurred; provided, however, that such fact, circumstance, change, effect, occurrence or event does not primarily relate to (or have the effect of primarily relating to) the Company and its Subsidiaries, taken as a whole, or disproportionately adversely affect the Company and its Subsidiaries, taken as a whole, compared to other companies of similar size operating in an industry in which the Company and its Subsidiaries operate;

- (uu) “**Material Contract**” means any contract, agreement, commitment or license of the Company or any of its Subsidiaries that is material to the Company and its Subsidiaries on a consolidated basis, including those Material Contracts relating to:
 - (i) long-term and bank indebtedness;
 - (ii) co-ownership, joint venture or partnership arrangements;
 - (iii) employment contracts;
 - (iv) Oil and Gas Contracts;
 - (v) real property leases;
 - (vi) the Company’s provision of services of any nature to third parties;
 - (vii) equipment leases, including bus leases;
 - (viii) contracts to purchase buses or other property in the future;
 - (ix) supplier contracts of any nature; and
 - (x) to the extent not disclosed in any of clauses (i) through (ix) above, matters outside the ordinary course of business of the Company or its Subsidiary, as the case may be;
- (vv) “**Net Revenue Interest**” means the Company’s interest in and to all production of oil, gas and other minerals saved, produced and sold from any Oil and Gas Property (and the proceeds thereof) after giving effect to all valid lessor’s royalties, overriding royalties, production payments, carried interests, liens and other encumbrances or charges against production therefrom;
- (ww) “**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time;
- (xx) “**Offer**” shall have the meaning ascribed thereto in the Recitals to this Agreement;

- (yy) **“Offeror’s Counsel”** means Goodmans LLP, or such other counsel as may be designated by the Offeror;
- (zz) **“Oil and Gas Contracts”** means the contracts which relate to the Wells, Leases, Lands, Hydrocarbons, Facilities, Easements, Oil and Gas Permits, and Seismic Data, including without limitation, farmout and farmin agreements, participation agreements, operating agreements, production sales and purchase contracts, saltwater disposal agreements, surface leases, division and transfer orders, and all other contracts, contractual rights, interests and other agreements covering or affecting any or all of the Oil and Gas Properties;
- (aaa) **“Oil and Gas Permits”** means all environmental and other governmental (whether federal, state or local) permits, licenses, orders, authorizations franchises and related instruments or rights relating to the ownership, operation or use of the Wells or the Facilities;
- (bbb) **“Oil and Gas Properties”** means the Wells listed in the Disclosure Letter along with all of the related Leases, Lands, Hydrocarbons, Oil and Gas Contracts, Facilities, Easements, Oil and Gas Permits, and Seismic Data which are incident to, and/or evidence of, the Company’s ownership of the Wells;
- (ccc) **“Outside Date”** means March 19, 2008 subject to the right of either party to postpone the Outside Date for up to an additional 30 days (in increments if desired) if an action, suit or proceeding shall have been taken, commenced or threatened before or by any Governmental Entity to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or sale to the Offeror of the Shares or the rights of the Offeror to own or exercise full rights of ownership of the Shares, to complete a Compulsory Acquisition or Subsequent Acquisition Transaction or which would have such an effect and the party electing to postpone the Outside Date, if that party is a party to such action, suit or proceeding, is diligently contesting it, by giving written notice to the other party to such effect no later than 5:00 p.m. (Toronto time) on the date that is five days prior to the then current Outside Date, or such other date as may be agreed to by the parties;
- (ddd) **“Permitted Encumbrances”** shall mean:
 - (i) lessors’ royalties, overriding royalties, reversionary interests and similar burdens if the cumulative effect of the burdens does not operate to reduce the Net Revenue Interest of the Company in any Oil and Gas Property below the Net Revenue Interest for such property set forth in the Disclosure Letter or operate to increase the Company’s Working Interest in an Oil and Gas Property to more than the Working Interest for such property set forth in the Disclosure Letter unless there is a corresponding increase in the Net Revenue Interest;
 - (ii) division orders and sales contracts terminable without penalty upon no more than 90 days notice to the Offeror;

- (iii) required third party consents to assignment and similar agreements with respect to which waivers or consents are obtained from the appropriate parties prior the Effective Date;
- (iv) materialman's, mechanic's, repairman's, employee's, contractor's, operator's, tax, and other similar liens or charges arising in the ordinary course of business for obligations that are not delinquent or that will be paid and discharged in the ordinary course of business or if delinquent, that are being contested in good faith by appropriate action of which Offeror is notified in writing before the Effective Date;
- (v) any rights to consent by, required notices to, filings with, or other actions by Governmental Entities in connection with a change of control of the Company or any of its Subsidiaries if they are routinely obtained subsequent to such change of control;
- (vi) easements, rights-of-way, servitudes, permits, surface leases other rights in respect of surface operations that do not materially interfere with oil and gas operations to be conducted on any Oil and Gas Property or increase the Company's operating costs by any material amounts;
- (vii) all operating agreements, unit agreements, unit operating agreements, pooling agreements and pooling designations affecting the Oil and Gas Properties which do not reduce the interest of the Company with respect to oil and gas produced from any of the Oil and Gas Properties below the Net Revenue Interest set forth in the Disclosure Letter; or increase the Company's Working Interest to more than the Working Interest set forth in the Disclosure Letter for each Oil and Gas Property (unless there is a corresponding increase in the Net Revenue Interest) or otherwise adversely affect the value thereof;
- (viii) conventional rights of reassignment prior to release or surrender requiring notice to the holders of the rights;
- (ix) all rights reserved to or vested in any governmental, statutory or public authority to control or regulate any of the Oil and Gas Properties in any manner, and all applicable laws, rules and orders of a Governmental Entity;
- (x) all other liens, charges, encumbrances, contracts, agreements, instruments, obligations, defects and irregularities affecting the Oil and Gas Properties which individually or in the aggregate are not such as to interfere materially with the operation, value or use of any of the Oil and Gas Properties, and which do not reduce the interest of the Company with respect to oil and gas produced from any Oil and Gas Property below the Net Revenue Interest set forth in the Disclosure Letter or increase the Company's Working Interest to more than the Working Interest set forth

in the Disclosure Letter for such Oil and Gas Property (unless there is a corresponding increase in the Net Revenue Interest); and

- (xi) any Title Defects the Offeror may have expressly waived in writing or which are deemed to have become Permitted Encumbrances;
- (eee) “**Person**” includes any natural person, body corporate, trust, limited partnership, Governmental Entity or other juridical entity;
- (fff) “**Qualifying Holdco**” means a company incorporated under the provisions of the OBCA that is a holder of Shares of one class (but not the other);
- (ggg) “**Qualifying Holdco Shares**” means all of the issued and outstanding shares in the capital of a Qualifying Holdco;
- (hhh) “**Qualifying Holdco Shareholder**” means a holder of issued and outstanding shares in the capital of a Qualifying Holdco;
- (iii) “**Release**” means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material in the indoor or outdoor environment, including the movement of Hazardous Material through or in the air, soil, surface water, ground water or property;
- (jjj) “**Seismic Data**” means all books, files, records, correspondence, studies, surveys, reports, geologic, proprietary geophysical and seismic data (including, raw data and any interpretative data or information relating to such geologic, geophysical and seismic data) which relates to the Wells, the Leases or Lands;
- (kkk) “**Sellers**” means John A. Riddell and Sun Pac;
- (lll) “**Shareholder**” means a holder of Shares;
- (mmm) “**Shares**” means the Common Shares and the Class A Shares;
- (nnn) “**Software**” means computer programs, operating systems, applications, interfaces, software scripts, macros, firmware, development tools, and other instructions or sets of instructions for Hardware or Software to follow, including query languages, hypertext markup language (“html”), wireless markup language, xml and other computer markup languages, in object, source or other code;
- (ooo) “**Subsequent Acquisition Transaction**” means any proposed statutory arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or other transaction involving the Company and/or its Subsidiaries and the Offeror or an affiliate of the Offeror which, if successfully completed, would result in the Offeror owning, directly or indirectly, all of the Shares;

- (ppp) “**Subsidiary**” means, with respect to any Person, a subsidiary within the meaning of the OBCA and any partnership or joint venture Controlled by such Person;
- (qqq) “**Sun Pac**” means Sun Pac Foods Limited;
- (rrr) “**Superior Proposal**” has the meaning ascribed thereto in Section 5.1(a)(v)(A);
- (sss) “**Tax Act**” means the *Income Tax Act* (Canada), as the same may be amended from time to time, and any successor legislation thereto;
- (ttt) “**Tax Returns**” means all material returns, reports, declarations, elections, notices, filings, information returns and statements filed or required to be filed in respect of Taxes;
- (uuu) “**Taxes**” means all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Entity, together with 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, value-added, excise, stamp, withholding, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, all license, franchise and registration fees and all employment insurance, health insurance, workers’ compensation and Canada, Quebec and other government pension plan premiums or contributions;
- (vvv) “**Termination Payment**” has the meaning set out in Section 8.2(a);
- (www) “**Termination Payment Event**” has the meaning ascribed thereto in Section 8.2(a);
- (xxx) “**Title Defect**” means, with respect to the Company’s title to the Oil and Gas Properties, any lien, mortgage, claim, charge, defect, or other encumbrance which renders the Company’s title to such Oil and Gas Properties less than Good and Defensible Title;
- (yyy) “**Trade-marks**” means trade-marks, brand names, Internet domain names, trade names, slogans, URLs, designs, graphics, logos and other indicia of origin, whether or not registered and the goodwill associated therewith;
- (zzz) “**Transitional Services Agreement**” means the agreement to be entered into between the Offeror and Sun Pac on the terms set out in the term sheet included as a schedule to the Disclosure Letter, and otherwise in form and substance satisfactory to the parties, acting reasonably;
- (aaaa) “**Wells**” means the oil, gas and hydrocarbon wells in which the Company has interests as disclosed in the Disclosure Letter; and

(bbbb) “**Working Interest**” means the percentage of the costs and expenses for the maintenance, development and operation of the Oil and Gas Properties which the Company is obligated to bear pursuant to the terms of any Leases or Oil and Gas Contracts, without regard to any valid lessor’s royalty, overriding royalties, production payments, carried interests, liens, or other encumbrances or charges against production therefrom.

1.2 Currency

All sums of money referred to in this Agreement shall mean Canadian funds.

1.3 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of the Company, it shall be deemed to refer to the actual knowledge, after reasonable enquiry, of John Riddell, Vince McEwan, Jon Knowles, Edward Kelsay, Jr. and Edward Kelsay III.

ARTICLE 2 THE OFFER

2.1 Timing

The Offeror agrees to make the Offer as soon as reasonably practicable but in any event not more than fifteen Business Days after the date of this Agreement (such date, including any extension thereof contemplated by Section 2.2, the “**Latest Mailing Time**”). The Offeror shall not be required to make the Offer in any jurisdiction where it would be illegal to do so.

2.2 Conditions Precedent

Notwithstanding Section 2.1, the obligation of the Offeror to make the Offer is conditional on the prior satisfaction of the following conditions which, if not satisfied at the time the Offeror proposes to make the Offer, shall entitle the Offeror to (i) extend the period contemplated in Section 2.1 on one or more occasions for such period that the Offeror reasonably deems appropriate and/or (ii) terminate this Agreement, in either case, by written notice to the Company:

- (a) there shall not exist a cease trade order, injunction or other prohibition or order at Law against the Offeror making the Offer or any other Contemplated Transactions;
- (b) no change, effect, event, circumstance, occurrence or state of facts (other than a change, effect, event, circumstance, occurrence or state of facts caused by the Offeror or any Person acting jointly or in concert with Offeror) shall have occurred that would render it impossible for one or more of the conditions set out on Schedule “A” hereto to be satisfied;

- (c) the Company shall not have breached any of its representations, warranties, covenants or other agreements contained in this Agreement (for representations, warranties, covenants or other agreements qualified as to materiality, in any respect, and for all other representations, warranties, covenants or other agreements, in any material respect), provided that such breach or breaches are not curable or, if curable, are not cured within 15 days after written notice of the breach has been given to the Company by the Offeror, in which case the period contemplated in Section 2.1, if applicable, shall be extended accordingly; and
- (d) the Sellers shall have entered into their respective Lock-Up Agreements and the Lock-Up Agreements shall be in full force and effect.

The foregoing conditions are for the sole benefit of the Offeror and may be waived, in whole or in part, by the Offeror in writing at any time without prejudice to any other right it may have under this Agreement. The foregoing conditions to the Offeror's obligation to make the Offer shall be deemed to be waived if the Offeror makes the Offer.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Offeror

The Offeror hereby represents and warrants that:

- (a) Organization, Standing and Corporate Power. The Offeror has been duly incorporated under applicable Law, is validly existing and has the corporate power and authority to own its properties and conduct its businesses as currently owned and conducted.
- (b) Authority; No conflict. The Offeror has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Offeror and the consummation by the Offeror of the Contemplated Transactions have been duly authorized by the board of directors of the Offeror and no other corporate proceedings on the part of the Offeror are necessary to authorize this Agreement or the transactions which are the subject hereof. This Agreement has been duly executed and delivered by the Offeror and constitutes a valid and binding obligation of the Offeror, enforceable against the Offeror in accordance with its terms subject to the usual exceptions as to creditors' rights and the availability of equitable remedies. The execution and delivery by the Offeror of this Agreement and the completion of the transactions which are the subject hereof, will not result in a violation or breach by the Offeror of, require any consent to be obtained by the Offeror under or give rise to any termination rights or other adverse consequences under any provision of:
 - (i) its certificate of incorporation, articles, by-laws or other charter documents;

- (ii) any Law applicable to it; or
 - (iii) any material contract, agreement, license, franchise or permit by which the Offeror is bound or is subject or is the beneficiary, except as would not, individually or in the aggregate, reasonably be expected to materially adversely affect the Offeror's ability to perform its obligations under this Agreement.
- (c) Consents and Approvals. No consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required by the Offeror in connection with the execution and delivery of this Agreement by the Offeror and the completion of the transactions which are the subject hereof, except where the absence or failure thereof would not be material.
- (d) Financing. The Offeror has made adequate arrangements to ensure that the required funds are available to effect payment for the Shares to be acquired pursuant to the Offer.
- (e) Investment Canada Act. The Offeror is a "Canadian" as such term is defined in the *Investment Canada Act*.
- (f) Residency. The Offeror is not a "non-resident" within the meaning of the Tax Act.

3.2 Representations and Warranties of the Company

The Company hereby represents and warrants that, except as disclosed in the Disclosure Letter:

- (a) Organization, Standing and Corporate Power. The Company and each of its Subsidiaries has been duly incorporated under applicable Law, is validly existing and is in good standing under all applicable Laws of its jurisdiction of incorporation and has the corporate power and authority to own its properties and conduct its businesses as currently owned and conducted.
- (b) Authority; No Conflict. The Company has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Company and the consummation by the Company of the Contemplated Transactions have been duly authorized by the Board and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the transactions which are the subject hereof. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms subject to the usual exceptions as to creditors' rights and the availability of equitable remedies. The execution and delivery by the Company of this Agreement and the completion of the transactions which are the subject hereof, will not result in a violation or breach by the Company of, require any consent to be obtained or filing to be made

by the Company under or give rise to any termination rights or other adverse consequences (including any right of acceleration, cancellation, purchase or sale, penalty, restriction, limitation or imposition of a Lien) under, any provision of:

- (i) its certificate of incorporation, articles or by-laws;
 - (ii) any Law applicable to it or any of its Subsidiaries; or
 - (iii) any Material Contract by which the Company or any of its Subsidiaries is bound or to which it or any Subsidiary is subject or of which it or any Subsidiary is the beneficiary.
- (c) Licences, Consents and Approvals. Each of the Company and its Subsidiaries is in all material respects licensed, registered and qualified to carry on its business as presently carried on by it and is in good standing in all material respects in each jurisdiction in which the nature of its current business makes any such qualification necessary, and all such licences, registrations and qualifications are valid and subsisting and in good standing in all material respects. No consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity or any third party which has not been received or made is required by the Company in connection with the execution and delivery of this Agreement by the Company and the completion of the transactions which are the subject hereof, except for the approvals of certain school boards contemplated in paragraph 6(e) of Schedule "A" to this Agreement or where the absence or failure thereof would not be material.
- (d) Support of the Offer. The Board, after receiving the recommendation of its Special Committee and after consultation with its financial and outside legal advisors, has unanimously determined that the Offer is in the best interests of the Company and the holders of each class of Shares, has approved this Agreement and has resolved to support the Offer and to recommend that holders of each class of Shares accept the Offer.
- (e) Capital Structure. The authorized share capital of the Company is described in its unaudited financial statements for the three month period ended September 30, 2007. As at September 30, 2007 there were 5,281,005 Common Shares and 7,529,346 Class A Shares issued and outstanding. All Shares outstanding have been duly authorized and issued and are validly outstanding as fully paid and non-assessable Shares. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments obligating the Company to issue or sell any Shares or securities or obligations of any kind convertible into or exchangeable for any Shares in the capital of the Company other than as described in Schedule "D", nor are there outstanding any stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments. There are no bonds, debentures or other evidences of indebtedness of the Company outstanding having the right to vote (or that are convertible or exercisable for securities having the right to vote) with Shareholders on any matter. The Disclosure Letter sets out the name of each holder of an option, the

number of options held by such Person and the exercise price, date of grant, vesting schedule and expiry date of each such option.

- (f) Subsidiaries. All of the Company's Subsidiaries and the Company's percentage of ownership of such Subsidiaries are as set out in the Disclosure Letter. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing to any Person the right to acquire any such shares or other ownership interests in any of the Company's Subsidiaries and all such ownership interests are owned free and clear of all Liens of any kind or nature whatsoever held by third parties. The Company does not hold any equity interest, or right to acquire an equity interest, in any Person, other than its interests in its Subsidiaries except as disclosed in the Disclosure Letter.
- (g) Canadian Securities Legislation. The Company is a "reporting issuer" under applicable securities Laws in Ontario and Alberta and is not in default of any requirements of any securities Laws applicable in such jurisdictions or of the Toronto Stock Exchange, except for any non-compliance or default which, individually or in the aggregate, would not reasonably be expected to cause a Material Adverse Effect. No delisting, suspension of trading in or cease trading order with respect to the Shares is pending or, to the knowledge of the Company, threatened. The Company has filed with securities regulatory authorities in such jurisdictions and the Toronto Stock Exchange, true and complete copies of all documents required to be filed with such authorities and organizations under applicable securities Laws or otherwise. As of their respective dates, the Company Reports did not contain any misrepresentation (as defined in the *Securities Act* (Ontario)), other than as has been subsequently corrected, and complied in all material respects with the applicable securities Laws or other requirements under which they were filed. As of the date of this Agreement, the Company Documents do not contain any misrepresentation (as defined in the *Securities Act* (Ontario)), other than as has been subsequently corrected. The Company has not filed any confidential material change report which at the date hereof remains confidential. There is no material fact concerning the Company which has not been disclosed in the Company Documents filed on or before the date hereof, other than relating to the entering into of this Agreement and the Contemplated Transactions.
- (h) Financial Statements.
 - (i) The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis during the periods involved (except as may otherwise be indicated in the notes thereto or, in the case of unaudited interim financial statements, as may be permitted by applicable accounting policies) and fairly present in all material respects the consolidated financial position of the Company as of the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited interim financial statements, to normal year-end audit adjustments and

except that such unaudited interim financial statements may omit notes which are not required in unaudited financial statements).

- (ii) Management of the Company: (i) has implemented disclosure controls and procedures designed to ensure that material information relating to the Company, including its Subsidiaries, is made known to management of the Company by others within those entities, which disclosure controls and procedures are, given the size of the Company and the nature of its business, reasonably expected by management to be effective in alerting on a timely basis the Company's Chief Executive Officer and its Chief Financial Officer to material information required to be included in the Filed CSA Documents, and (ii) is not, to the knowledge of the Company, aware of any fraud, whether or not material, that involves management or other employees (current or former) who have a role in the Company's internal control over financial reporting that occurred within the three years preceding the date of this Agreement.
- (iii) The Company maintains internal control over financial reporting. Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles and includes policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company and its Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian generally accepted accounting principles, and that receipts and expenditures of the Company and its Subsidiaries are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company or its Subsidiaries that could have a material effect on its financial statements. To the knowledge of the Company, prior to the date of this Agreement there are no significant deficiencies in the design or operation of, or material weaknesses in, the internal controls over financial reporting of the Company that are reasonably likely to adversely affect the Offeror's ability to record, process, summarize and report financial information.
- (iv) Since June 30, 2004, to the knowledge of the Company, (i) neither the Company nor any of its Subsidiaries nor any director, officer, employee, auditor, accountant or representative of the Company or any of its Subsidiaries has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the material accounting or auditing practices, procedures, methodologies or methods of the Company or any of its Subsidiaries or their respective internal accounting controls, including any complaint, allegation, assertion, or claim that the Company or any of its Subsidiaries

has engaged in questionable accounting or auditing practices, and (ii) no legal counsel representing the Company or any of its Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported evidence of a material violation of applicable securities Laws, breach of fiduciary duty or similar violation by the Company, any of its Subsidiaries or any of their respective officers, directors, employees or agents to the Board or any committee thereof or to any director or officer of the Company.

- (i) Absence of Certain Changes or Events; No Undisclosed Material Liabilities. Neither the Company nor any of its Subsidiaries has any material liabilities or obligations of any nature (whether accrued, absolute, contingent, matured or unmatured or otherwise), or any obligation to issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other Person except as disclosed in the Financial Statements. Since June 30, 2007, except as contemplated hereby, (i) each of the Company and its Subsidiaries has conducted its business in the ordinary course consistent with past practice, including as to the making of forward commitments and (ii) there has not occurred any change which has had a Material Adverse Effect.
- (j) Assets. Each of the Company and its Subsidiaries has good and valid title or interest to the assets reflected as its or their real property in the Data Room Information, free and clear of any and all Liens and Title Defects except (A) those reflected or reserved against in the latest balance sheet of the Company included in the Financial Statements, (B) Liens for Taxes not in default, and (C) Permitted Encumbrances. The Company and its Subsidiaries have not entered into any agreement other than this Agreement to sell or otherwise dispose of any of the Oil and Gas Properties. All of the Company's material equipment and other tangible assets, and the premises utilized by the Company, are in good and safe operating condition and are fit for use in the ordinary course of business subject to ordinary wear and tear for equipment and assets of comparable age and use. In the case of motor vehicles and buses regularly in use by Company, all such vehicles have current government safety certification and are in a condition that would allow each to pass a daily driver inspection. Each of the motor vehicles and buses regularly in use by the Company is in a good state of repair, subject to normal wear and use since the last safety certification. Except for the liens, encumbrances or leases listed in the Disclosure Letter and Permitted Encumbrances, the Company owns all properties and assets historically used by it to earn revenue, as well as those that are necessary for the conduct of its businesses as presently conducted.
- (k) Litigation, etc. (i) There is no investigation, audit, assessment, inquiry, request for information, warrant, charge, suit, claim, action, arbitration or proceeding or other form of dispute resolution pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries before any Governmental Entity, except as disclosed in the Disclosure Letter, and (ii) neither the Company nor any of its Subsidiaries nor any of their respective directors, officers or employees in their capacities as such is subject to any outstanding

order, writ, judgment, injunction, decree or arbitration order or award. There are no suits, claims, actions or proceedings pending or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries, seeking to prevent the Contemplated Transactions.

- (l) Compliance with Applicable Law. Each of the Company and its Subsidiaries is in material compliance with, and has since June 30, 2004 been in material compliance with, all Laws. Neither the Company nor its Subsidiaries possesses or requires a United States federal inter-state operating authority for motor carriers of passengers in connection with the operation of its business. To the best of the Company's knowledge, without enquiry the operators of the Oil and Gas Properties in which the Company or its Subsidiaries own an interest are in material compliance with all Laws governing the operation of the Oil and Gas Properties.
- (m) Brokers. No broker, investment banker, financial advisor or other Person is entitled to any advisory fee, success fee, brokerage commission, finder's fee or other like payment in connection with the Offer based upon arrangements made by or on behalf of the Company or its Subsidiaries, other than KPMG Corporate Finance Inc., the fees and expenses of which will be paid by the Company in accordance with the terms of an engagement letter (a true and complete copy of which engagement letter has been delivered to the Offeror). Based on the price and the anticipated timing of the Offer as set forth in Schedule "A", the Company will be required to pay fees (including expenses) not to exceed the aggregate amount set out in the Disclosure Letter pursuant to such engagement letter, none of which has been paid to date.
- (n) Opinion of Financial Advisor. The Company has received the opinion of KPMG Corporate Finance Inc. on the date hereof (a true and complete copy of which, when given in writing, will be delivered to the Offeror by the Company), to the effect that, based upon and subject to the matters set forth therein, as of the date thereof, the consideration to be received by holders of each class of Shares pursuant to the Offer is fair, from a financial point of view, to holders of that class, and such opinion has not been withdrawn or modified at the date of this Agreement.
- (o) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, order or decree binding upon the Company or any of its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted.
- (p) Registration Rights. No holder of Shares has any right to compel the Company to register or otherwise qualify the Shares (or any of them) for public sale or distribution.

- (q) Rights of Other Persons. Except as disclosed in the Disclosure Letter, no Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by the Company or any of its Subsidiaries, or any part thereof.
- (r) Absence of Cease Trade Orders. No order ceasing or suspending trading in the Shares or any of them is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of the Company, are pending, contemplated or threatened.
- (s) Insurance. All insurance maintained by the Company or any of its Subsidiaries is in full force and effect and in good standing and neither the Company nor any of its Subsidiaries is in default in any material respect, whether as to payment of a premium or otherwise, under the terms of any such insurance nor has the Company or any Subsidiary failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise has knowledge of any intent of an insurer to either claim any default on the part of the Company or any of its Subsidiaries or not to renew any policy of insurance on its expiry or to increase any deductible or cost. All liabilities related to insurance coverage(s) of the Company have been properly recorded in the Financial Statements in accordance with Canadian generally accepted accounting principles. The Company does not have any self-insurance, or co-insurance programs, or liability for retrospective insurance premiums for any period prior to the Effective Date.
- (t) Real Property. All of the real property owned by the Company or any of its Subsidiaries, including the interests of the Company or any of its Subsidiaries in the Oil and Gas Properties, and material to the conduct of their businesses on a consolidated basis is accurately disclosed in the Data Room Information. Accurate copies of all material leases, licenses, rights of occupation or other rights to use, possess or occupy such real property and any and all material amendments, extensions and/or additions thereto as were readily available at the Company's registered office have been included in the Data Room Information or have been provided to the Offeror upon request.
- (u) Leased Property. All of the real property leased by the Company or any of its Subsidiaries that is material to the conduct of the business of the Company and its Subsidiaries, on a consolidated basis, as currently conducted is accurately disclosed in the Data Room Information, and all those leases, licenses, rights of occupation or other rights to use, possess or occupy any such real property by the Company or any of its Subsidiaries, including any and all material amendments, extensions or additions thereto as were readily available at the Company's registered office have been disclosed in the Data Room Information, and, to the knowledge of the Company, there is no material default by any party or parties thereunder.

The current uses of the leased or owned real property ("**Real Property**") are permitted under applicable zoning by-laws and regulations and the Company has

no knowledge of any proposed or pending change to any zoning affecting the Real Property. The buildings, improvements and operations of the Company are located wholly within the boundaries of the lands and do not encroach on the property of others. There is no encroachment onto the Real Property by buildings or improvements from any adjoining lands. The Real Property and the current use of it comply with applicable Law. No part of the Real Property is subject to any building or use restriction that would restrict or prevent the use, occupancy and operation of the Real Property for the business of the Company or its Subsidiaries.

All buildings, structures, sidings, parking lots, roadways, erections, fixtures, equipment, machinery, building mechanical systems (including lighting, plumbing, electrical, heating and air conditioning systems), and other improvements in, on, under, over, forming part of or within the Real Property, have been constructed in a good and workmanlike manner and in compliance with applicable Law, are suitable and adequate for the purposes for which they have been designed, and are in good operating condition and repair, subject to reasonable wear and tear and continued repair and replacement in accordance with reasonable and customary business practice. There are no deferred maintenance, repairs or unrepaired defects in the structural components comprising such buildings and building mechanical systems (including lighting, plumbing, electrical, heating and air conditioning systems) located thereon or therein which could materially impair the value or marketability of the Real Property. Such buildings and building mechanical systems (including lighting, plumbing, electrical, heating and air conditioning systems) have not been insulated with any Hazardous Material and the Real Property does not contain any Hazardous Materials.

The Real Property has not suffered any damage by fire or other casualty which has not heretofore been completely repaired and restored. No portion of the Real Property is located in a flood plain as designated by a Governmental Entity, nor has any portion of the Real Property been designated or is any portion of the Real Property threatened to be designated pursuant to applicable Law as an historical site or building or for regulation by any conservation authority.

- (v) Expropriation. No material part of the property or assets of the Company or any of its Subsidiaries and no material property leased by any of them has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor, to the knowledge of the Company, does any Person have any intent or proposal to give such notice or commence any such proceedings.
- (w) Licences. All material licences, permits, certificates, orders, grants, approvals and other authorizations that the Company or any of its Subsidiaries are required to obtain that are related to their respective businesses or the ownership or operation of their respective properties and assets have been obtained, are disclosed in the Disclosure Letter and are currently valid, in full force and effect and in good standing in all material respects and no proceedings specific to the Company or any of its Subsidiaries are pending (other than renewal proceedings as a result of

expirations in accordance with the terms thereof) or, to the knowledge of the Company, threatened, which could reasonably be expected to result in their revocation or limitation.

- (x) Material Contracts. The Company has disclosed in the Disclosure Letter a complete and accurate list (other than Oil and Gas Contracts) of, and has made available to the Offeror copies (or, where such contracts are oral, written summaries thereof) of all Material Contracts. All Material Contracts, including the Oil and Gas Contracts, are in full force and effect and unamended in all material respects except as disclosed in the Disclosure Letter and, except as disclosed in the Disclosure Letter, are the product of fair and arm's length negotiations between the parties thereto. No material default exists (or, but for the passage of time or the giving of notice, would exist) under any Material Contract on the part of the Company or any of its Subsidiaries or, to the knowledge of the Company, on the part of any other party to such contracts.

The Company and its Subsidiaries have performed all material obligations required to be performed by them under such Material Contracts including, in the case of school contracts, all obligations regarding fleet age restrictions, mileage computation and reporting provisions, or other school contract terms. Neither the Company nor any of its Subsidiaries is in material default under or in breach of or in receipt of any claim of default or breach under any such Material Contract. No event has occurred which with the passage of time or the giving of notice or both would result in a default, breach or event of non-compliance by the Company or any of its Subsidiaries under any such Material Contract.

- (y) Labour Matters.
- (i) The Data Room Information includes copies of all collective bargaining agreements to which either the Company or any of its Subsidiaries is a party. To the knowledge of the Company, neither the Company nor any of its Subsidiaries is subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement nor are there any current or, to the knowledge of the Company, threatened strikes or lockouts affecting the Company or any of its Subsidiaries or any complaint of unfair labour practice (other than routine individual grievances) or any successor or related employer application; and, other than in respect of the collective agreements disclosed in the Data Room Information, there are no employee associations, voluntary, recognized or certified unions authorized to represent any of the employees of the Company or any of its Subsidiaries.
- (ii) Except where this would not result in a Material Adverse Effect, neither the Company nor any of its Subsidiaries is subject to any claim for wrongful dismissal, constructive dismissal, unjust dismissal or any other tort claim, actual or, to the knowledge of Company, threatened, or any litigation, investigation, arbitration or grievance, actual or, to the

knowledge of Company, threatened, relating to employment or termination of employment of employees or independent contractors.

- (iii) Except where this would not result in a Material Adverse Effect, each of the Company and its Subsidiaries has operated in accordance with all applicable Laws with respect to employment and labour, including any pay equity and employment equity Laws, and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any board or tribunal with respect to any employment or labour matters.
- (iv) The Data Room Information lists all plans or arrangements provided for the benefit of employees generally or for any particular executive officer including all of the employee benefit, health, welfare, disability, bonus, deferred compensation, stock compensation, stock option or purchase or other stock-based compensation plans or arrangements, retirement plans, post-retirement benefit plans or arrangements, pension plans or arrangements applicable to present or former employees or directors of the Company or any of its Subsidiaries which are currently maintained or participated in by the Company or any of its Subsidiaries and under which the Company or any of its Subsidiaries has any material obligations or liabilities (collectively, the “**Employee Plans**”).
- (v) All of the Employee Plans are registered where required by, and are in good standing in all material respects, including being fully funded where required, under, all applicable Laws or other legislative, administrative or judicial promulgations applicable to the Employee Plans and pursuant to any applicable collective agreement and the terms of the Employee Plans and, other than routine claims for benefits, there are no actions, claims, or proceedings relating to the Employee Plans.
- (vi) No material amendments to any Employee Plan have been promised and no amendments to any Employee Plan will be made or promised prior to the Effective Date which affect or pertain to the current or former employees or directors of the Company or any of its Subsidiaries.
- (vii) There are no agreements or undertakings by the Company or any of its Subsidiaries to provide post-retirement benefits to any of their respective present or former employees or directors other than such as are not, either individually or in the aggregate, material to the Company and its Subsidiaries on a consolidated basis.
- (z) Employees.

The Data Room Information contains or there has been delivered or otherwise disclosed to the Offeror:

- (i) an accurate list, in all material respects, as of the date of this Agreement, of the annual compensation entitlements of all individuals earning annual compensation or fees of \$75,000 or more who are employed or retained by the Company or any of its Subsidiaries on a full or part time basis, notwithstanding that they may have been laid off or terminated or on a short term, long term or parental leave, together with the location of their employment or service;
 - (ii) an accurate list, in all material respects, as of the date of this Agreement, of the date each such individual or entity was hired or retained by the Company or a Subsidiary, as applicable; and
 - (iii) the severance or other arrangements or plans pursuant to each contract entitling any employee, officer or director of the Company or any Subsidiary to any bonus, retention payment, severance payment, change in control payment, any acceleration of any right or benefit, including any such right under any stock-based compensation plan, or similar entitlement as a result of the Company entering into this Agreement or completing any of the transactions which are the subject hereof.
- (aa) Tax Matters.
- (i) Each of the Company and its Subsidiaries has filed, or caused to be filed, all Tax Returns required to be filed by them, all of which Tax Returns were correct in all material respects.
 - (ii) Each of the Company and its Subsidiaries, taken as a whole, have made adequate provision in their Books and Records for any material amount of Taxes accruing in respect of any period subsequent to the period covered by the Company's most recently published Financial Statements.
 - (iii) Since the publication date of the Company's most recently published Financial Statements, no material tax liability not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued.
 - (iv) the Company and each of its Subsidiaries have paid, or caused to be paid, all Taxes that are shown on their respective Tax Returns to be due and payable or have provided adequate accruals in accordance with generally accepted accounting principles, which are reflected in the Company's most recently published Financial Statements, for any Taxes for the period covered by such Financial Statements that have not been paid, whether or not shown as being due on any Tax Returns.
 - (v) All assessments of Taxes made against the Company or any of its Subsidiaries were paid when due, and adequate reserves have been accrued on the most recently published Financial Statements for those amounts owing but not yet due. Except as reserved in the most recently

published Financial Statements of the Company, there are no material proposed (but unassessed) additional Taxes known to the Company or any of its Subsidiaries.

- (vi) Each of the Company and its Subsidiaries has deducted and remitted to the relevant Governmental Entity on or before the due dates therefor all material amounts of Taxes which it is required by applicable Law or contract to so collect and remit to all Governmental Entities or other Persons entitled to receive payment of same.

(bb) Environmental Matters.

The Company and each of its Subsidiaries and their respective businesses, operations, and properties:

- (i) is in compliance with Environmental Laws including all terms and conditions of all Environmental Permits, except where failure to be in compliance would not individually or in the aggregate be material to the Company and its Subsidiaries on a consolidated basis, and has all material Environmental Permits required to carry on its business in all material respects in accordance with all Environmental Laws;
- (ii) with respect to the Oil and Gas Properties, to the knowledge of the Company, without enquiry, each of the operators of the Oil and Gas Properties is in compliance in all material respects with Environmental Laws governing the operation of the Wells which comprise the Oil and Gas Properties;
- (iii) has not, to the knowledge of the Company, received any order, request or notice from any Person alleging a material violation of any Environmental Laws;
- (iv) except where the same would not individually or in the aggregate be material to the Company and its Subsidiaries on a consolidated basis, (a) is not a party to any litigation or administrative proceeding, nor, to the knowledge of the Company, is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Material, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Material, (b) has no knowledge of any conditions existing currently which would reasonably be expected to subject it to material damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or which would reasonably be expected to require it to incur a material expenditure to clean-up, remove or otherwise respond pursuant to applicable

Environmental Laws; and (c) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and, to the knowledge of the Company, has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws;

- (v) is not involved in operations or knows of any facts, circumstances or conditions, including any Release of Hazardous Material, that would reasonably be expected to result in any Environmental Liabilities except where the same would not have, individually or in the aggregate, a Material Adverse Effect; and
- (vi) to the knowledge of the Company, the Company has not received any communications (including Phase I, Phase II and Phase III Environmental Site Assessments and any correspondence with Governmental Entities or complaints from third parties) relating to environmental and health and safety matters which are, at the date hereof, material to the Company and its Subsidiaries on a consolidated basis.

(cc) Intellectual Property.

- (i) To the knowledge of the Company, the Company has disclosed in the Data Room Information a complete and accurate list of all Company Intellectual Property which are Trade-marks registered or pending in Canada or elsewhere. In respect of any applications or registrations relating to Company Intellectual Property in Canada, all steps have been taken, and elsewhere, to the knowledge of the Company, all steps have been taken, including payment of fees and timely filing of documentation, that are necessary to obtain valid and enforceable registrations and to maintain such registrations and applications in good standing to the extent such Company Intellectual Property is still in use by the Company.
- (ii) To the knowledge of the Company, the Company or one of its Subsidiaries is the sole legal and beneficial owner of, has good and marketable title to and owns all right, title and interest in all Company Intellectual Property free and clear of all Liens or other adverse claims or interests of any kind or nature. No Company Intellectual Property is owned by or registered in the name of any Person other than the Company or a Subsidiary, including, without limitation, any current or former owner, shareholder, partner, director, executive, officer, employee or contractor, nor does any such Person have any interest therein or right thereto, including any license or the right to any royalty or other payments. No consent of any Person is necessary to make, use, reproduce, license, sell, modify, update, enhance or otherwise exploit any Company Intellectual Property.
- (iii) To the knowledge of the Company, neither the Company nor any of its Subsidiaries has received notice from any Person that was not a regular, full time, salaried employee of the Company or a Subsidiary at the time

such Person contributed to the creation of any Company Intellectual Property or component thereof, asserting any claims with respect to any right, title or interest therein or any violation of any moral rights in connection therewith.

- (iv) The Company or its Subsidiaries has lawfully acquired the right(s) to use any licensed Intellectual Property in the manner in which it has been used and is currently being used by the Company or any of its Subsidiaries and in the manner currently contemplated to be used in the future. The Company or its Subsidiaries has entered into valid and enforceable written agreements pursuant to which the Company and any of its Subsidiaries has been granted all licenses and permissions to use, reproduce, sub license, sell, modify, update, enhance or otherwise exploit any licensed Intellectual Property to the extent required to operate all aspects of the business of the Company and any of its Subsidiaries as it is being operated at the same level of performance as it is being operated as of the date hereof.
 - (v) To the knowledge of the Company, the conduct of the businesses of the Company and its Subsidiaries including, without limitation, the use of any of the Company Intellectual Property does not infringe upon or breach the Intellectual Property rights of any other Person, does not result in a default or give rise to a right of termination, cancellation or acceleration of any obligation or loss of any benefit under any Material Contract, and neither the Company nor any of its Subsidiaries has received any written notice asserting any of the above.
 - (vi) There are no claims, oppositions, conflicts, proceedings, or investigations by any Governmental Entity against any Person, or, to the knowledge of the Company, any breaches, interferences, infringements, violations or appropriations by any Person, relating to any of the Company Intellectual Property.
 - (vii) The Company and its Subsidiaries have the right to use all of the Company Intellectual Property and any licensed Intellectual Property which is necessary to conduct their respective businesses as currently conducted in all material respects.
- (dd) Website and Domain Names.
- (i) The content of the internet websites which form part of the Company Intellectual Property complies with all applicable Canadian Laws in all material respects.
 - (ii) No internet domain name which forms part of the Company Intellectual Property was registered or acquired, or, to the knowledge of the Company, has been used, for an unlawful purpose or in bad faith, including primarily for the purpose of:

- (A) selling or transferring the domain name to the owner of a Trade-mark which is identical to or confusingly similar to the domain name registration or to a competitor of such owner;
 - (B) preventing the owner of a Trade-mark from reflecting the Trade-mark in a corresponding domain name registration; or
 - (C) attempting to attract, for commercial gain, internet users to a particular website by creating a likelihood of confusion with the Trade-mark of another Person.
- (ee) Computer Systems and Software. The computer systems, Hardware and Software of the Company and its Subsidiaries including personal computers and special purpose systems (including billing systems, operational support systems and business support systems) are fully operational in all material respects and have the appropriate licensing and material documentation describing, among other things, the Hardware, Software, required maintenance, appropriate period run books or other operational procedures, all operating systems, applications and utilities, except where the absence of same would not have, individually or in the aggregate, a Material Adverse Effect. To the knowledge of the Company, such documentation matches the implementation of the Hardware and Software in use.
- (ff) Restrictive Covenants. The Company and its Subsidiaries are not party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its ability to compete in any material respect in any principal line of business of the Company after the consummation of the Contemplated Transactions.
- (gg) Non-Arm's Length Transactions. Except as disclosed in the Financial Statements and the Disclosure Letter or for contracts made solely between the Company and any Subsidiary or between any Subsidiaries of the Company, there are no contracts between the Company or any of its Subsidiaries and any Person with whom the Company or any of its Subsidiaries is not dealing, at the date hereof, at arm's length. Except as disclosed in the Financial Statements and the Disclosure Letter, neither the Company nor any of its Subsidiaries is indebted to any director, officer, employee or agent of the Company or any of its Subsidiaries (except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses).
- (hh) Books and Records. All Books and Records fairly disclose in all material respects the financial position of the Company and its Subsidiaries and all material financial transactions relating to the businesses carried on by the Company and its Subsidiaries have been accurately recorded in all material respects in such Books and Records. The corporate minute books of the Company and its Subsidiaries contain minutes of all meetings and resolutions of the directors and securityholders held, except for those minutes which are not yet finalized. The Company has made available to the Offeror and the Offeror's Counsel complete

and correct copies of the minutes (or in the case of minutes that have not been finalized, drafts thereof) of all such meetings.

- (ii) Government Grants. There are no contracts relating to grants or other forms of financial assistance, including loans with interest at below market rates, received by the Company or any of its Subsidiaries from any Governmental Entity.
- (jj) Payment of Joint Interest Billings. To the best of the Company's knowledge, all joint interest billings due pursuant to or with respect to the Oil and Gas Contracts or any of the Oil and Gas Properties have been properly paid.
- (kk) Gas Imbalances. To the best of the Company's knowledge, there are no gas or other hydrocarbon production, pipeline, transportation or processing imbalances existing as of the date hereof with respect to any of the Oil and Gas Properties except for those imbalances identified in the Data Room Information or for minor imbalances which would not have, individually or in the aggregate, a Material Adverse Effect.
- (ll) Full Disclosure. No representation or warranty in this Agreement and no statement contained in any document or certificate contemplated by this Agreement, considered as a whole with all other representations, warranties and statements, contains or will contain any untrue statement of material fact or omits or will omit to state any material fact necessary, in light of the circumstances under which it was made, in order to make the statements herein or therein not misleading.

ARTICLE 4 COVENANTS OF THE COMPANY

4.1 Conduct of Business

The Company hereby covenants and agrees that until the earliest of: (i) the Effective Date; (ii) the date on which the Offer has been withdrawn in accordance with the terms hereof; and (iii) the date on which this Agreement has been terminated pursuant to Section 8.1, except as set forth in the Disclosure Letter, to the extent expressly required in order to comply with the terms of, or as otherwise expressly contemplated by, this Agreement, or as may be consented to in writing by the Offeror:

- (a) it shall, and shall cause each of its Subsidiaries to, conduct its business in the ordinary course consistent with past practice, except for those potential acquisitions and investments in the core business of the Company set forth in the Disclosure Letter and not exceeding \$200,000 in the aggregate;
- (b) it shall, and shall cause each of its Subsidiaries to, use commercially reasonable efforts to preserve intact its present business organization and its relationships with those having business dealings with it, in order that its goodwill and business shall be maintained, and keep available the services of its officers and employees

as a group and to maintain satisfactory relationships with suppliers, customers, employees and others having business relationships with it;

- (c) it shall, and shall cause each of its Subsidiaries to, use its commercially reasonable efforts to comply promptly with all material requirements which applicable Law may impose on the Company and its Subsidiaries;
- (d) it will promptly advise the Offeror orally and in writing of any change which becomes known to any of its directors or senior officers which could have a Material Adverse Effect;
- (e) it will, and will cause each of its Subsidiaries, to (i) provide access to, and make available to, the Offeror and its representatives for inspection and review all of the properties and Books and Records relating to the Company and its Subsidiaries, as well as any other materials or information that the Offeror may reasonably request, and (ii) make available at all reasonable times and to a reasonable extent officers and employees and other representatives of the Company and its Subsidiaries to discuss the business, properties, liabilities, finances, prospects, affairs or any other matters related to the Company and its Subsidiaries;
- (f) the Company shall not (and shall cause each of its Subsidiaries not to):
 - (i) pay any dividend or other distribution to holders of any of its Shares (including by way of return of capital) or issue, sell, pledge, lease, dispose of or otherwise encumber or commit to issue, sell, pledge, lease, dispose of or otherwise encumber any share, warrant or other ownership interest in or securities of the Company or any of its Subsidiaries;
 - (ii) grant or commit to grant any options, warrants, convertible securities or rights to subscribe for, purchase or otherwise acquire or exchange into any shares or other ownership interest in or securities of the Company or any of its Subsidiaries;
 - (iii) directly or indirectly redeem, purchase or otherwise acquire or commit or offer to acquire any share, warrant or other ownership interest in or security of the Company or its Subsidiaries;
 - (iv) effect any subdivision, consolidation or reclassification of any of its Shares;
 - (v) amend its articles or by-laws;
 - (vi) acquire or commit to acquire any capital assets or group of related capital assets (through one or more related or unrelated acquisitions) having a value in excess of \$150,000 in the aggregate;
 - (vii) incur, or commit to incur, capital expenditures in excess of \$150,000 in the aggregate;

- (viii) sell, lease, option, encumber or otherwise dispose of, or commit to sell, lease, option, encumber or otherwise dispose of, any assets or group of related assets (through one or more related or unrelated transactions) having a value in excess of \$100,000 in the aggregate, except in the ordinary course of business consistent with past practice or with respect to the sale of the shares or assets of CDX Transport and Leasing Inc. to Sun Pac or an affiliate of Sun Pac as described in the Disclosure Letter;
- (ix) incur or commit to incur any indebtedness for borrowed money or any other material liability;
- (x) make any changes to existing accounting policies other than as required by applicable Law or by Canadian generally accepted accounting principles;
- (xi) commence to undertake a material expansion of its business facilities or an expansion that is out of the ordinary course of business consistent with past practice, or permit any Subsidiary to do so;
- (xii) guarantee or otherwise become responsible for the payment of any indebtedness of any Person other than the Company or a Subsidiary or permit any Subsidiary to do so;
- (xiii) satisfy or settle any claim prior to the same being due, relinquish any contractual rights, enter into any interest rate, currency or commodity swaps, hedges or similar financial obligations, commence any material claim or amend or otherwise vary any material existing claim or permit any Subsidiary to do any of the foregoing;
- (xiv) except for changes in compensation for employees, other than officers and directors, in the ordinary course of business consistent with past practice and after prior consultation with the Offeror, enter into, create, declare, adopt, amend, vary, modify or take any other action with respect to any bonus, target bonus, profit sharing, incentive, salary or other compensation, equity based award, pension, retirement, deferred compensation, severance, change in control, employment or other employee benefit plan, agreement, award or arrangement for the benefit or welfare of any officer, director or employee, or similar rights or other benefits;
- (xv) acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any Person or other business organization or division or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly-owned Subsidiaries), property transfer or purchase of any property or assets of any other Person, except for purchases of assets, inventory or equipment in the ordinary course of business consistent with past practice, and except for capital asset acquisitions permitted by Section 4.1(f)(vi) and capital expenditures permitted by Section 4.1(f)(vii);

- (xvi) not enter into any transaction or perform any act that might interfere with or be inconsistent with the successful completion of the acquisition of Shares by the Offeror under the Offer or the successful completion of any other Contemplated Transactions or which would render, or which may reasonably be expected to render, untrue or inaccurate (without giving effect to, applying or taking into consideration any materiality qualification already contained within such representation or warranty) in any material respect any of the Company's representations and warranties set forth in this Agreement; or
- (xvii) enter into any non arm's length transactions, except with respect to the sale of the shares or assets of CDX Transport and Leasing Inc. to Sun Pac or an affiliate of Sun Pac as described in the Disclosure Letter;
- (g) the Company shall not (and shall cause each of its Subsidiaries not to) settle or compromise any claim brought by any present, former or purported holder of any Shares in connection with any Contemplated Transactions prior to the Effective Date without the prior written consent of the Offeror;
- (h) the Company shall not (and shall cause each of its Subsidiaries not to) enter into or modify in any material respect any Material Contract;
- (i) the Company shall, and shall cause each of its Subsidiaries to, cooperate with the Offeror in structuring, planning and preparing any transaction and shall take such actions as are necessary to carry out any reorganization (including for tax purposes) of their respective capital, assets and corporate structure as the Offeror may reasonably require; provided, however, that no such transaction or reorganization will be undertaken unless (i) the Offeror has made the Offer; (ii) the Offeror has agreed to pay the reasonable implementation costs and any direct or indirect costs and liabilities including tax costs and liabilities that may be incurred to unwind any such transaction or reorganization if the Offeror does not take up the Shares under the Offer including actual out-of-pocket costs and expenses for filing fees and external counsel and auditors which may be incurred and (iii) the effectiveness thereof shall only occur immediately prior to the Offeror taking up the Shares under the Offer (but following the Offeror publicly announcing its intention to do so); and provided further that no such actions shall be considered to constitute a breach of the covenants, representations or warranties hereunder;
- (j) duly and timely file all material forms, reports, schedules, statements and other documents required to be filed pursuant to any applicable corporate Laws or applicable securities Laws;
- (k) without limiting the provisions of Section 6.2, the Company shall use reasonable commercial efforts to maintain and shall use reasonable commercial efforts to cause each Subsidiary to maintain its existing insurance except where replaced by insurance from insurers with at least as favourable credit ratings where such

replacement insurance offers similar coverage, is subject to no more onerous deductibles and is available at a similar cost;

- (l) it shall advise the Offeror in writing promptly after it acquires knowledge of:
 - (i) any material change (within the meaning of applicable securities Laws) in relation to the Company and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated); and (ii) the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would or would be likely to (x) cause any of the representations or warranties of the Company contained herein to be untrue or inaccurate (without giving effect to, applying or taking into consideration any materiality qualification already contained within such representation or warranty) in any material respect; or (y) result in the failure in any material respect of the Company to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied prior to the Effective Time;
 - (ii) any breach by the Company of any covenant contained herein; or
 - (iii) any death, disability, resignation, termination of employment or other departure of any director, senior officer or key employee of the Company;
- (m) it shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to maintain its material licenses, permits and authorizations, and to the extent it is commercially reasonably able to do so, shall not, and shall cause its Subsidiaries not to, modify or accept any material changes in its and its Subsidiaries' licenses, permits or authorizations; and
- (n) it shall, and shall cause its Subsidiaries to:
 - (i) use commercially reasonable efforts to facilitate the retention of employees of the Company and its Subsidiaries identified by the Offeror including by granting to any such employee any increase in compensation or entering into or modifying any employment contract with any such employee (whether with an existing employee or a new employee), in each case on terms approved by the Offeror, provided that any change in any such employee's compensation or other terms of employment agreed to be implemented pursuant to this Section 4.1(n)(i) shall not be required to become effective until at least a majority of the outstanding Common Shares have been taken up and paid for under the Offer; and
 - (ii) promptly notify the Offeror if any of the Company's senior officers receives oral or written notice or otherwise becomes aware that any such employee intends to leave the employ of the Company or any of its Subsidiaries.

- (o) as to the Oil and Gas Properties, the Company shall, or shall cause its Subsidiaries to:
 - (i) except for investments or commitments currently being contemplated by the Company pursuant to existing investment or expenditure agreements or proposals as disclosed to the Offer in the Disclosure Letter, refrain from entering into any new agreements or commitments affecting any of the Oil and Gas Properties which extend beyond the Effective Date;
 - (ii) refrain from making any expenditure related to the Oil and Gas Properties in excess of \$100,000 without notifying the Offeror;
 - (iii) refrain from modifying, allowing the expiration of or terminating any agreements affecting any of the Oil and Gas Properties, including, without limitation, any Leases, Oil and Gas Contracts, Oil and Gas Permits, and Easements;
 - (iv) refrain from creating any new, or modifying any existing, burdens or encumbrances on the Oil and Gas Properties;
 - (v) refrain from encumbering, selling, mortgaging, releasing, abandoning or otherwise disposing of any of the Oil and Gas Properties; and
 - (vi) obtain, where required, any and all consents related to preferential rights to purchase or restrictions against assignment or change of control evidenced in any Oil and Gas Contract or which relates to any of the Oil and Gas Properties, and/or provide notice, where required, of this Agreement.

4.2 Covenants Relating to the Transaction

The Company hereby agrees that, unless the Offer has been withdrawn in accordance with the terms hereof or this Agreement is terminated pursuant to Section 8.1:

- (a) if the Offeror takes up and pays for Shares pursuant to the Offer, it will use reasonable commercial efforts to assist the Offeror in connection with any Compulsory Acquisition or Subsequent Acquisition Transaction to acquire the remaining Shares, provided that the consideration per Share for each class of Shares offered in connection with the Subsequent Acquisition Transaction is at least equal to the consideration per Share for each class of Shares offered under the Offer and the Subsequent Acquisition Transaction is to be completed no later than 120 days after the expiry of the Offer;
- (b) the Board shall unanimously recommend that holders of each class of Shares accept the Offer and, except as permitted hereby, such recommendation shall not be withdrawn;
- (c) it shall provide commercially reasonable assistance to the Offeror in connection with all required filings, notifications and applications by the Offeror for

regulatory and other approvals and clearances, relating to the Contemplated Transactions, together with all consents and other approvals of third parties as may be necessary or desirable for the consummation of such transactions;

- (d) it shall make all filings and applications required of it in connection with the Contemplated Transactions; and
- (e) it shall use reasonable best efforts to defend all lawsuits or other legal, regulatory or other proceedings challenging or affecting the property or assets of the Company or any of its Subsidiaries and, in co-operation with the Offeror, this Agreement or the consummation of the Contemplated Transactions.

4.3 Directors' Circular and List of Holders

The Company confirms to the Offeror and agrees that:

- (a) the Board shall prepare and by unanimous vote approve and print for distribution to holders of Shares and deliver to the depository under the Offer for mailing concurrently with the Offeror's offer to purchase and accompanying circular (the "**Circular**") a sufficient quantity of commercial copies of a directors' circular (the "**Directors' Circular**") unanimously recommending that holders of Share accept the Offer and including a copy of the written fairness opinion referred to in Section 3.2(n);
- (b) it will provide drafts of the Directors' Circular to the Offeror in order to provide the Offeror with an opportunity to comment thereon (it being agreed that the final form and content of the Directors' Circular shall be determined by the Company acting reasonably and on a basis consistent with the terms hereof); and
- (c) it shall cause a list of Shareholders prepared by the Company or the transfer agent(s) of the Company in accordance with the OBCA (as well as a security position listing from each depository, including CDS Clearing and Depository Services Inc., and any list of non-objecting beneficial owners of Shares as may be made available to the Company upon request) to be delivered to the Offeror within five Business Days after execution of this Agreement and supplemental lists setting out any changes thereto for each Business Day thereafter to be delivered forthwith to the Offeror, all such deliveries to be both in printed form and computer-readable format.

ARTICLE 5

NO SOLICITATIONS, OPPORTUNITY TO MATCH, ETC.

5.1 No Solicitations, Opportunity to Match, etc.

- (a) On and after the date hereof, except as otherwise provided in this Agreement, the Company shall not, and shall cause each of its Subsidiaries not to, directly or indirectly, through any officer, director, representative (including for greater certainty any financial or other advisors) of the Company or any Subsidiary

(collectively, the “**Company Parties**”), take any action of any kind that might reasonably be expected to, directly or indirectly, interfere with the successful acquisition of Shares by the Offeror under the Offer, any Compulsory Acquisition, any Subsequent Acquisition Transaction or any Alternative Transaction, including any action to:

- (i) make, solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing information, permitting any visit to any facilities or properties of the Company or any Subsidiary, or entering into any form of written or oral agreement, arrangement or understanding) any inquiries, proposals or offers regarding (A) any merger, take-over bid, issuer bid, amalgamation, plan of arrangement, business combination, consolidation, recapitalization, tender offer, issuer bid, reorganization, dividend, distribution, liquidation, dissolution or winding-up in respect of the Company or any Subsidiary; (B) any sale or acquisition of any assets of the Company or any Subsidiary; (C) any sale or acquisition of an equity interest in the Company, or any Subsidiary, or rights or interests therein or thereto; (D) any sale by the Company or by any Subsidiary of an interest in any property; (E) any similar business combination or transaction of or involving the Company or any of its Subsidiaries, other than with the Offeror or any of its affiliates; or (F) any proposal or offer to, or public announcement of an intention to do, any of the foregoing from any Person other than the Offeror or any of its affiliates (an “**Acquisition Proposal**”);
- (ii) engage or participate in any discussions or negotiations regarding, or provide any information with respect to, any Acquisition Proposal or otherwise co-operate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing, provided that, for greater certainty, the Company may advise any Person making an unsolicited Acquisition Proposal that such Acquisition Proposal does not constitute a Superior Proposal when the Board has so determined;
- (iii) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to the Offeror, the approval or recommendation of the Board or any committee thereof of this Agreement or the Offer;
- (iv) approve or recommend, or propose publicly to approve or recommend any Acquisition Proposal; or
- (v) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal, provided, however, that nothing contained in this Section 5.1(a) or any other provision of this Agreement shall prevent the Board from, and the Board shall be permitted to:

- (X) withdraw, modify or qualify (or propose to withdraw, modify or qualify) in any manner adverse to the Offeror the approval or recommendation of the Offer; or
- (Y) engage in discussions or negotiations with any Person in response to an Acquisition Proposal made by any such Person,

if and only to the extent that:

- (A) it has received an unsolicited bona fide written Acquisition Proposal that the Board has determined in good faith, after consultation with its financial and outside legal advisors, would, if consummated in accordance with its terms, result in a transaction which (i) after taking into account all of the terms and conditions of the Acquisition Proposal (but not assuming away any risk of non-completion), is more favourable to the holders of each class of Shares, or more favourable to the holders of the Common Shares while being no less favourable to the holders of the Class A Shares, than the Offer (including any amendment to the terms and conditions of the Offer proposed by the Offeror pursuant to Section 5.1(h)) and in respect of which the Board determines that failure to recommend such Acquisition Proposal to the Shareholders would be inconsistent with its fiduciary duties, and (ii) is reasonably capable of completion without undue delay taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal; provided, however, that such Acquisition Proposal is not subject to any financing or due diligence condition (other than the execution of a confidentiality agreement in accordance with this Section 5.1) (any such Acquisition Proposal being referred to herein as a **“Superior Proposal”**);
 - (B) in the case of Section 5.1(a)(v)(X), the Company shall have complied with all of the requirements of Section 5.1(g).
- (b) Notwithstanding Section 5.1(a) or any other provision of this Agreement, if the Company receives a request for non-public information from a Person who, on an unsolicited basis, proposes in writing to the Company a bona fide Acquisition Proposal with respect to which the Board determines in good faith after receipt of advice from its financial advisors that such Acquisition Proposal would be reasonably likely, if consummated in accordance with its terms (but not assuming away any risk of non-completion), to result in a Superior Proposal (notwithstanding that such proposal may be subject to a due diligence condition or a financing condition, or both), the Company may:
- (i) provide such Person with access to information regarding the Company for a period of no more than seven clear calendar days (the **“Diligence Period”**), and/or

- (ii) engage in discussions with such Person and its officers, directors and representatives (including any financial or other advisers) for the sole purpose of explaining or supplementing the due diligence materials contained in the electronic data room maintained by the Company,

subject in each of clauses (i) and (ii) above to the following requirements:

- (A) the Company shall have first received an executed confidentiality agreement that is in form and substance similar to the Confidentiality Agreement;
 - (B) the Company shall have first sent a copy of any such confidentiality agreement to the Offeror promptly upon its execution;
 - (C) the Company shall provide the Offeror immediately with a list of, and in the case of information that was not previously made available to the Offeror, copies of, any information provided to such Person;
 - (D) nothing in this Section 5.1(b) shall permit the Company to, directly or indirectly, negotiate with any Person in respect of any Acquisition Proposal that is not at that time a Superior Proposal; and
 - (E) as of the end of the Diligence Period, unless such Person has made a Superior Proposal, the Company shall comply with Section 5.1(c) with respect to such Person.
- (c) The Company will immediately cease, and will instruct its financial advisors and other representatives and agents to cease, and cause to be terminated any existing solicitation, discussion or negotiation with any Person (other than the Offeror and its affiliates), by or on behalf of the Company or any Subsidiary or any Company Party with respect to or which could lead to any potential Acquisition Proposal, whether or not initiated by the Company or any Subsidiary or any Company Party, and, in connection therewith, the Company will discontinue access to any data rooms (virtual or otherwise), whether or not initiated by the Company or a related party. Within 10 Business Days from the date hereof, (or, where Section 5.1(b)(E) is applicable, promptly following the end of the Diligence Period), the Company shall request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with the Company relating to any potential Acquisition Proposal and shall use commercially reasonable efforts to ensure that such requests are honoured in accordance with the terms of such confidentiality agreements.
 - (d) The Company shall not waive, release any Person from, or fail to enforce on a timely basis any obligation under any confidentiality agreement or standstill agreement or amend any such agreement, except to allow such Person to propose

confidentially to the Board (but without restricting the Company from making public disclosure to the extent required by applicable securities Laws) a Superior Proposal, provided in any case that the remaining provisions of this Agreement are complied with.

- (e) From and after the date of this Agreement, the Company shall promptly (and in any event within 24 hours after it has received any proposal, inquiry, offer or request) notify the Offeror, at first orally and then in writing, of any proposal, inquiry, offer (or any amendment to any of the foregoing) or request of which the Company's directors, officers, employees, representatives or agents are or become aware (i) relating to or constituting a bona fide Acquisition Proposal, (ii) relating to any request for discussions or negotiations, and/or any request for non-public information relating to the Company, any Subsidiary or any property or contractual or legal rights, (iii) relating to any request for access to properties, books and records or a list of the Shareholders or the shareholders of any Subsidiary, or (iv) any request for representation on the Board, or any amendments to the foregoing. Such notice shall include a description of the terms and conditions of, and the identity of the Person making, any proposal, inquiry, offer or request (including any amendment to any of the foregoing), and shall include copies of any such proposal, inquiry, offer or request or any amendment to any of the foregoing. The Company shall keep the Offeror promptly and fully informed of the status, including any change to the terms, of any such proposal, inquiry, offer or request, or any amendment to the foregoing, and will respond promptly to all inquiries by the Offeror with respect thereto.
- (f) The Company shall ensure that the Company Parties are aware of the provisions of this Section 5.1 and agree to be bound thereby, and the Company shall be responsible for any breach of this Section 5.1 by the Company Parties.
- (g) The Company shall not accept, approve or recommend, nor enter into any agreement (other than a confidentiality agreement permitted by this Section 5.1 relating to an Acquisition Proposal) unless:
 - (i) the Acquisition Proposal constitutes a Superior Proposal;
 - (ii) the Company has complied with Sections 5.1(a) through 5.1(h), inclusive;
 - (iii) the Company has provided the Offeror with (A) notice in writing that there is a Superior Proposal, and (B) all documentation related to and detailing the Superior Proposal (including a copy of the confidentiality agreement between the Company and the Person making the Superior Proposal if not previously delivered and a written notice from the Board regarding the value in financial terms that the Board has in consultation with its financial advisor determined should be ascribed to any non-cash consideration offered under such Superior Proposal), in each case at least five clear Business Days prior to the date on which the Board proposes to accept, approve, recommend or enter into any agreement relating to such Superior Proposal;

- (iv) five clear Business Days shall have elapsed from the later of the date the Offeror received the notice and documentation referred to in Section 5.1(g)(iii) from the Company in respect of the Acquisition Proposal and the date the Offeror received notice of the Company's proposed determination to accept, approve, recommend or to enter into any agreement relating to such Superior Proposal, and, if the Offeror has proposed to amend the terms of this Agreement and the Offer in accordance with Section 5.1(h), the Board (after receiving advice from its financial advisors and outside legal counsel) shall have determined in good faith that the Acquisition Proposal is a Superior Proposal compared to the proposed amendment to the terms of the Offer by the Offeror;
 - (v) the Company concurrently terminates this Agreement pursuant to Section 8.1(k); and
 - (vi) the Company has previously, or concurrently will have, paid to the Offeror or the Offeror Assignee the Termination Payment.
- (h) During the five Business Day periods referred to in Section 5.1(g)(iii) and Section 5.1(g)(iv) or such longer period as the Company may approve for such purpose (the "**Right to Match Period**"), the Offeror shall have the opportunity, but not the obligation, to propose to amend the terms of this Agreement and the Offer, and the Company shall co-operate with the Offeror with respect thereto, including negotiating in good faith with the Offeror to enable the Offeror to make such adjustments to the terms and conditions of this Agreement and the Offer as the Offeror deems appropriate and as would enable the Offeror to proceed with the Offer and any Contemplated Transactions on such adjusted terms. The Board shall review any proposal by the Offeror to amend the terms of the Offer in order to determine, in good faith in the exercise of its fiduciary duties, whether the Offeror's proposal to amend the Offer would result in the Acquisition Proposal not being a Superior Proposal compared to the proposed amendment to the terms of the Offer.
- (i) The Board shall promptly reaffirm its recommendation of the Offer by press release after any Acquisition Proposal is publicly announced or made and (A) the Board determines that the Acquisition Proposal is not a Superior Proposal; or (B) the Board determines that a proposed amendment to the terms of the Offer would result in the Acquisition Proposal not being a Superior Proposal, and the Offeror have so amended the terms of the Offer. The Offeror and its counsel and other advisors shall be given a reasonable opportunity to review and comment on the form and content of any such press release. Such press release shall state that the Board has determined that the Acquisition Proposal is not a Superior Proposal.
 - (j) Nothing in this Agreement shall prevent the Board from responding through a directors' circular or otherwise as required by applicable securities Laws to an Acquisition Proposal that it determines is not a Superior Proposal. The Offeror and its counsel shall be given a reasonable opportunity to review and comment on the form and content of any such directors' circular prior to its printing,

recognizing that whether or not such comments are appropriate will be determined by the Company, acting reasonably.

- (k) Each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of Section 5.1.

ARTICLE 6 COVENANTS OF THE OFFEROR

6.1 Offer

Subject to the terms and conditions hereof, the Offeror hereby agrees to:

- (a) provide copies of drafts of the Circular to the Company and its advisors, in order to provide them with an opportunity to comment thereon (it being agreed that the final form and content of the Offer (except for those terms and conditions described in Schedule "A", which shall form part of the Offer) shall be determined by the Offeror, acting reasonably and on a basis consistent with the terms hereof);
- (b) apply for and use commercially reasonable efforts to obtain all required regulatory and other approvals and clearances, and take all commercially reasonable actions necessary or advisable and make all necessary filings and notifications in order to permit the Contemplated Transactions which are the subject hereof to proceed and to obtain all consents and other approvals of third parties as may be necessary or desirable for the consummation of such Contemplated Transactions;
- (c) if all of the conditions of the Offer are either met or, if applicable, waived at or prior to the expiry of the Offer, take up the Shares deposited under the Offer and pay for such Shares as soon as practicable after, and in any event within three Business Days of, the date on which the Offeror takes up such Shares;
- (d) in the event that the Offeror increases the consideration per Share for either class of Shares offered under the Offer, pay such increased consideration to each holder of Shares of that class in respect of all Shares of that class tendered, notwithstanding that such Shares have previously been taken up and paid for by the Offeror;
- (e) if it takes up and pays for a sufficient number of Shares pursuant to the Offer, use commercially reasonable efforts to acquire the remaining Shares, within a period not exceeding 120 days after the date of completion of the Offer, by way of Compulsory Acquisition or Subsequent Acquisition Transaction for a consideration equal to the consideration per Share for each class of Shares under the Offer; and
- (f) without limitation to any other provision hereof, use commercially reasonable efforts to defend all lawsuits or other legal, regulatory or other proceedings

challenging or affecting this Agreement or the consummation of the Contemplated Transactions.

6.2 Directors' and Officers' Insurance and Indemnities

- (a) Without limiting the right of the Company to do so prior to the Effective Date, the Offeror hereby agrees to use its reasonable commercial efforts to secure directors' and officers' liability insurance coverage for the current and former directors and officers of the Company and its Subsidiaries on a six year "trailing" (or "run-off") basis. If a trailing policy is not available at a reasonable cost, then the Offeror agrees that for the entire period from the Effective Date until six years after the Effective Date, the Offeror will cause the Company or any successor to the Company to maintain the Company's current directors' and officers' liability insurance policy or Equivalent Insurance having in either case terms and conditions, taken as a whole, no less advantageous in any material respect to the directors and officers of the Company or its Subsidiaries (with respect to their acting as directors or officers thereof) than those contained in the policy in effect on the date hereof, for all current and former directors and officers of the Company or its Subsidiaries, covering claims made prior to or within six years after the Effective Date. Further, the Offeror agrees that, after the expiration of that six year period, if there is no cost in doing so, the Offeror shall use reasonable commercial efforts to cause such directors and officers to be covered under the Offeror's then existing directors' and officers' liability insurance policy.
- (b) From and after the Effective Date, the Offeror shall not do anything to prevent the Company from indemnifying and holding harmless and providing advancement of expenses to, all past and present directors and officers of the Company or its Subsidiaries to the extent such Persons are lawfully entitled to indemnity from the Company or its Subsidiaries or have the right to advancement of expenses by the Company or its Subsidiaries pursuant to the Company's or Subsidiaries' by-laws and indemnity agreements, in existence immediately prior to the Effective Date, for liabilities and obligations of the Company and for acts or omissions occurring on or prior to the Effective Date (including acts or omissions occurring in connection with the approval of this Agreement and consummation of the transactions which are the subject hereof).
- (c) The provisions of this Section 6.2 are intended to be for the benefit of, and will be enforceable by, each individual referred to therein, his or her heirs and successors and his or her legal representatives and, for such purpose, the Company hereby confirms that it is acting as agent and trustee on their behalf. Furthermore, the provisions of this Section 6.2 shall survive the termination of this Agreement as a result of the occurrence of the Effective Date.

6.3 Confidentiality Agreement

The Offeror hereby confirms that it remains bound by the terms of the Confidentiality Agreement in accordance with the terms thereof, except to the extent modified hereby and notwithstanding that this Agreement may be terminated for any reason whatsoever.

ARTICLE 7 FURTHER ASSURANCES

7.1 Satisfaction of Conditions of the Offer

Subject to the conditions herein provided, each party hereto agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the Contemplated Transactions, including the execution and delivery of such documents as the other parties hereto may reasonably require, and, without limiting the foregoing, shall use commercially reasonable efforts:

- (a) to obtain all necessary or advisable government or regulatory approvals, waivers, permits, consents, reviews, orders, rulings, decisions, and exemptions (including, among others, those of any stock exchanges or other securities or regulatory authorities) and waiver or expiration of all waiting or suspensory periods, in each case required to be obtained by it;
- (b) to satisfy (or cause the satisfaction of) the conditions of the Offer set forth in Schedule "A", the satisfaction of which are under its control;
- (c) to vigorously oppose, lift or rescind any cease trade order, injunction or other prohibition or other order which adversely affects the Offeror's ability to consummate the Offer, to take up and pay for the Shares or to complete a Compulsory Acquisition or Subsequent Acquisition Transaction; and
- (d) to effect all necessary registrations, filings and applications under all applicable Laws.

Each of the parties hereto, where appropriate, shall reasonably co-operate with the other in taking such actions.

ARTICLE 8 TERMINATION, AMENDMENT AND WAIVER

8.1 Termination

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

- (a) by mutual written consent of the Offeror and the Company;
- (b) by the Company, if the Offeror does not mail the Circular by the Latest Mailing Time;
- (c) by the Offeror on or after the Latest Mailing Time, if any condition to making the Offer for the Offeror's benefit is not satisfied or waived by such date other than as a result of a default by the Offeror hereunder;

- (d) by the Offeror if the Minimum Tender Condition or any other condition of the Offer shall not be satisfied or waived at the Expiry Time of the Offer and the Offeror shall not elect to waive such condition;
- (e) by the Offeror or the Company, if the Offeror does not take up and pay for the Shares and Qualifying Holdco Shares deposited under the Offer by the Outside Date, provided that the right to terminate this Agreement pursuant to this clause shall not be available to the party seeking to terminate if any action of such party or its affiliates, or any failure of such party or its affiliates to perform any of its obligations under this Agreement required to be performed by it, shall have resulted in a condition contained in Schedule "A" to this Agreement not having been satisfied prior to the Outside Date;
- (f) by the Offeror if:
 - (i) any court of competent jurisdiction or other Governmental Entity shall have issued an order, decree or ruling enjoining or otherwise prohibiting any of the Contemplated Transactions (unless such order, decree or ruling has been withdrawn, reversed or otherwise made inapplicable); or
 - (ii) any litigation or other proceeding is pending or has been threatened to be instituted by any Person or Governmental Entity, which, in the good faith judgment of the Offeror, could reasonably be expected to result in a decision, order, decree or ruling which enjoins, prohibits, grants damages in a material amount in respect of, or materially impairs the benefits of, any of the Contemplated Transactions;
- (g) by the Offeror, if:
 - (i) the Company is in material default of any covenant or obligation in Section 4.1 (without giving effect to applying or taking into consideration any materiality qualification already contained in such covenant or obligation);
 - (ii) the Company is in material default of any other covenant or obligation under this Agreement; or
 - (iii) any representation or warranty made by the Company under this Agreement shall have been at the date hereof untrue or incorrect in any material respect or, shall have become untrue or incorrect in any material respect at any time prior to the Expiry Time,and such default or inaccuracy in clauses (i), (ii) or (iii) is not curable or, if curable, is not cured by the earlier of the date which is 15 days from the date of written notice of such breach and the Expiry Time;
- (h) by the Company, if any representation or warranty of the Offeror under this Agreement is untrue or incorrect in any material respect at any time prior to the Expiry Time and such inaccuracy is reasonably likely to prevent, restrict or

materially delay consummation of the Offer and is not curable or, if curable, is not cured by the earlier of the date which is 15 days from the date of written notice of such breach and the Expiry Time;

- (i) by the Company, if the Offeror is in material default of any covenant or obligation under this Agreement;
- (j) by the Offeror, if:
 - (i) the Board fails to publicly reaffirm its approval of the Offer in accordance with Section 5.1(i);
 - (ii) the Board or any committee thereof withdraws, modifies, changes or qualifies its approval or recommendation of this Agreement or the Offer in any manner adverse to the Offeror; or
 - (iii) the Board or any committee thereof recommends or approves or publicly proposes to recommend or approve an Acquisition Proposal; and
- (k) by the Company, if the Company proposes to enter into a definitive agreement with respect to a Superior Proposal in compliance with the provisions of Section 5.1(g), provided that the Company has previously or concurrently will have paid to the Offeror the Termination Payment and further provided that the Company has not breached in a material respect any of its covenants, agreements or obligations in this Agreement.

8.2 Termination and Expense Reimbursement Payments

- (a) The Offeror shall be entitled to a cash termination payment in the amount of \$1,400,000 (the “**Termination Payment**”), upon the occurrence of any of the following events (each, a “**Termination Payment Event**”) which shall be paid by the Company within the time specified in respect of each such Termination Payment Event:
 - (i) this Agreement is terminated pursuant to Section 8.1(j), in which case the Termination Payment shall be paid to the Offeror or the Offeror Assignee no later than 1:00 p.m. (Toronto time) on the first Business Day following the occurrence of the action or inaction described therein;
 - (ii) this Agreement is terminated pursuant to Section 8.1(k), in which case the Termination Payment shall be paid to the Offeror or the Offeror Assignee in accordance with Section 5.1(g)(vi); or
 - (iii) during the period commencing on the date hereof and ending 12 months following the termination of this Agreement (A) a Competing Proposal is consummated, or (B) the Board of Directors approves or recommends a Competing Proposal, or the Company enters into a definitive agreement with respect to a Competing Proposal, in which case the Termination Payment shall be paid to the Offeror or the Offeror Assignee on the earlier

of the date the Competing Proposal is consummated and the date the Competing Proposal is approved or recommended or entered into or agreed to;

provided, in each case, that the Offeror is not in material default in the performance of its obligations under this Agreement.

- (b) The Offeror shall be entitled to an expense reimbursement payment of its actual costs and expenses, up to a maximum of \$500,000 (the “**Expense Reimbursement Payment**”) if the Agreement is terminated pursuant to Section 8.1(g)(ii) or 8.1(g)(iii).
- (c) Upon written notice to the Company, the Offeror may assign its right to receive the Termination Payment or Expense Reimbursement Payment to any affiliate (the “**Offeror Assignee**”).
- (d) The Termination Payment and the Expense Reimbursement Payment shall be paid by the Company to the Offeror or the Offeror Assignee by wire transfer in immediately available funds to an account specified by the Offeror. For greater certainty, the obligations of the Company under this Section 8.2 shall survive the termination of this Agreement, regardless of the circumstances thereof.
- (e) The Company acknowledges that the amount set out in Section 8.2(a) in respect of the Termination Payment represents liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the Offeror will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. The Company irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.
- (f) For greater certainty, (i) the Company shall not be obligated to pay the Termination Payment to the Offeror or the Offeror Assignee more than once even if one or more of the events specified in Section 8.2(a) occurs and (ii) the Company shall not be obligated to pay the Expense Reimbursement Payment to the Offeror or the Offeror Assignee if the Termination Payment is paid.

8.3 Company Expense Reimbursement

- (a) The Company shall be entitled to an expense reimbursement payment of its actual costs and expenses, up to a maximum of \$500,000 (the “**Company Expense Reimbursement Payment**”) if the Agreement is terminated pursuant to Section 8.1(h) or 8.1(i).
- (b) The Company Expense Reimbursement Payment shall be paid by the Offeror to the Company by wire transfer in immediately available funds to an account specified by the Company. For greater certainty, the obligations of the Offeror under this Section 8.3 shall survive the termination of this Agreement, regardless of the circumstances thereof.

8.4 Effect of Termination

For greater certainty, the parties agree that, where a Termination Payment Event occurs, the Termination Payment to be received pursuant to Section 8.2 is the sole remedy in compensation or damages of the Offeror and the Offeror Assignee with respect to the event or events giving rise to the termination of this Agreement and the resulting Termination Payment Event; provided, however, that nothing contained in this Section 8.4, and no payment of any Termination Payment, shall relieve or have the effect of relieving any party in any way from liability for damages incurred or suffered by a party as a result of an intentional or wilful breach of this Agreement, including the intentional or wilful making of a misrepresentation in this Agreement (including the Schedules hereto). Nothing herein shall preclude a party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any such covenants or agreements, without the necessity of posting bond or security in connection therewith.

8.5 Amendment

This Agreement may not be amended except by an instrument signed by each of the parties hereto.

8.6 Waiver

At any time prior to the termination of this Agreement pursuant to Section 8.1, any party hereto may: (a) extend the time for the performance of any of the obligations or other acts of any other party hereto; or (b) waive compliance with any of the agreements of the other party or with any conditions to its own obligations, in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

ARTICLE 9 FEES, COSTS AND EXPENSES

9.1 Fees, Costs and Expenses

Except as otherwise provided herein, each of the Offeror and the Company shall be responsible for and bear all of its own fees, costs and expenses (including the fees and disbursements of counsel, financial advisors, accountants, actuaries, consultants and brokers, expenses of its advisors, agents and other representatives) incurred at any time in connection with pursuing or consummating this Agreement and the transactions which are the subject hereof.

ARTICLE 10 GENERAL

10.1 Disclosure

Except as required by applicable Laws or by any Governmental Entity or in accordance with the requirements of the Toronto Stock Exchange, no party shall make any public announcement or statement with respect to this Agreement without the approval of the other parties, which approval shall not be unreasonably withheld or delayed. Moreover, the parties agree to consult

with each other prior to issuing any public announcement or statement with respect to this Agreement as to the content thereof, subject to the overriding obligations of applicable Laws.

10.2 Control of Company's Business

Nothing contained in this Agreement shall give the Offeror, directly or indirectly, the right to control or direct the operations of the Company and its Subsidiaries prior to the Effective Date.

10.3 Assignment

The Offeror may assign all or any part of its rights and/or obligations under this Agreement to a corporation owned, directly or indirectly, in whole by the Offeror, but, if such assignment takes place, the Offeror shall continue to be liable jointly and severally with the assignee for any obligations hereunder. This Agreement shall not be otherwise assignable by any party hereto without the prior written consent of the other parties hereto, which consent may be unreasonably withheld

10.4 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and of Canada applicable therein (without regard to conflict of Laws principles).

10.5 Survival of Representations and Warranties

The representations and warranties made under this Agreement shall remain in effect during the term of this Agreement. No investigations made by or on behalf of the recipient of a representation or warranty, or any of its authorized agents, at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the Company herein or pursuant hereto.

10.6 Amendments

This Agreement may not be amended except by written agreement signed by all of the parties to this Agreement. For greater certainty, the written agreement of those Persons referred to in Section 6.2(c) shall not be required, except that no amendment to Section 6.2 or relating to a Person's rights thereunder may be effected on or after the Effective Date without such Person's written agreement.

10.7 Specific Performance and Other Relief

It is recognized and acknowledged that a breach by any party of any material obligations contained in this Agreement will cause the other parties to sustain injury for which it would not have an adequate remedy at Law for money damages. Accordingly, in the event of any such breach, any aggrieved party shall be entitled to the remedy of specific performance of such obligations and interlocutory, preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at Law or in equity.

10.8 Counterparts

This Agreement may be executed in one or more counterparts, which together shall be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by means of telecopier transmission.

10.9 Schedules

Schedules A, B, C and D form an integral part of this Agreement.

10.10 Entire Agreement

This Agreement, together with the Confidentiality Agreement, constitutes the entire agreement and understanding between the parties pertaining to the subject matter hereof.

10.11 Time

Time shall be of the essence in this Agreement.

10.12 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by telecopier, in the case of:

- (a) the Offeror, addressed as follows:

Student Transportation of America Ltd.
3349 Highway 138
Building B, Suite D
Wall, New Jersey 07719
U.S.A.

Attention: Patrick Walker
Telecopier No.: (732) 280-4213

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

Goodmans LLP
250 Yonge Street
Suite 2400
Toronto, Ontario M5B 2M6
Canada

Attention: Robert Vaux
Telecopier No.: (416) 979-1234

(b) the Company, addressed as follows:

Canadex Resources Limited
10 Sun Pac Blvd.
Brampton, Ontario L6S 4R5
Canada

Attention: Chief Executive Officer
Telecopier No.: (905) 792-8490

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

Wildeboer Dellelce LLP
Suite 800, 365 Bay Street
Toronto, Ontario M5H 2V1
Canada

Attention: Vaughn MacLellan
Telecopier No.: (416) 361-1790

or to such other address as the relevant Person may from time to time advise by notice in writing given pursuant to this Section. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or sending thereof if sent or delivered during normal business hours on a Business Day at the place of receipt and, otherwise, on the next following Business Day.

10.13 No Third Party Beneficiaries

Except as contemplated in Section 6.2, this Agreement is not intended to confer on any Person other than the parties any rights or remedies.

10.14 Language

The parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux presentes ont exige que le present contrat et tous autres contrats, documents ou avis afferents aux presentes soient rediges en langue anglaise.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the date first above written.

**STUDENT TRANSPORTATION OF
AMERICA LTD.**

By: “*Denis J. Gallagher*”

Name: Denis J. Gallagher

Title: Chairman and Chief Executive
Officer

2154742 ONTARIO LIMITED

By: “*Christopher Harwood*”

Name: Christopher Harwood

Title: Director

CANADEx RESOURCES LIMITED

By: “*John A. Riddell*”

Name: John A. Riddell

Title: President

**SCHEDULE “A”
TERMS OF THE OFFER**

1. General Terms. The Offer shall be made by a circular bid prepared in compliance with the securities Laws applicable in Canadian provinces.
2. Expiry of Offer. The Offer shall be open for acceptance for an initial period of at least thirty-five (35) calendar days. In the event that any of the conditions are not satisfied or waived at the expiration of the initial period or any extension thereof, the Offeror shall be entitled to extend the Offer one or more times in its sole discretion.
3. Extension of Tender Period. If the Offeror takes up Shares pursuant to the Offer, the Offeror shall give Shareholders that have not tendered their Shares an additional 10-day period to permit such holders to accept the Offer and tender their Shares.
4. Price of the Offer. The Offer shall be made for a consideration of not less than \$1.00 per Class A Share and \$5.72 per Common Share (and as regards all of the Qualifying Holdco Shares being purchased of a particular Qualifying Holdco, such amount as is equal in the aggregate to the amount of cash that would have been payable under the Offer for the Shares owned by such Qualifying Holdco so that, as a result, the Qualifying Holdco Shareholders who elect the Holdco Alternative in respect of such Qualifying Holdco will receive the identical consideration that would otherwise have been received by such Qualifying Holdco if it had tendered its Shares into the Offer) payable in cash, less the amount per Share of any dividend or other distribution by the Company to Shareholders (including by way of return of capital).
5. Withdrawal of Deposited Shares. Unless the Offer is withdrawn, Shares and Qualifying Holdco Shares may be deposited pursuant to the Offer at any time during which the Offer is open for acceptance and any Shares and Qualifying Holdco Shares deposited pursuant to the Offer may be withdrawn at any time until taken up.
6. Conditions of the Offer in respect of the Shares. Notwithstanding any other provision of the Agreement to which this schedule is attached and subject to applicable Laws, the Offeror will have the right to withdraw or terminate the Offer (or amend the Offer to postpone taking up and paying for any Shares deposited under the Offer), and shall not be required to accept for payment, take up, purchase or pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Shares deposited under the Offer, unless all of the following conditions are satisfied or waived by Offeror:
 - (a) at the expiry time and at the take-up date, there shall have been validly deposited under the Offer and not withdrawn such number of Common Shares, Class A Shares and Qualifying Holdco Shares which represent at least 66 2/3% of the outstanding Common Shares and Class A Shares (calculated on a fully-diluted basis) (the “**Minimum Tender Condition**”);
 - (b) the Offeror shall have determined in its reasonable judgment that (i) no act, action, suit or proceeding shall have been threatened, taken or commenced before

or by any Governmental Entity or by any elected or appointed public official or private Person (including any individual, corporation, firm, group or other entity) in Canada or elsewhere or (ii) no Law shall have been proposed, enacted, promulgated or applied, in each case:

- (i) to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to the Offeror of the Shares or the rights of the Offeror to own or exercise full rights of ownership of the Shares or to complete a Compulsory Acquisition or Subsequent Acquisition Transaction or which would have such an effect; or
 - (ii) which has resulted in, or if the Offer was consummated would result in, a Material Adverse Effect;
 - (iii) which would materially and adversely affect the ability of the Offeror to proceed with the Offer, effect any Compulsory Acquisition or Subsequent Acquisition Transaction and/or take up and pay for any Shares deposited under the Offer;
 - (iv) seeking to prohibit or limit the ownership or operation by the Offeror of any material portion of the business or assets of the Company or any of its Subsidiaries or to dispose of or hold separate any material portion of the business or assets of the Company or any of its Subsidiaries as a result of the Offer (or any Compulsory Acquisition or any Subsequent Acquisition Transaction);
- (c) the Offeror shall have determined, acting reasonably, that there does not exist and shall not have occurred (or, if there does exist or shall have occurred prior to the commencement of the Offer, there shall not have been disclosed, generally by way of press release and material change report or to the Offeror in writing on or before the execution and delivery of this Agreement) any change (or any condition, event or development involving a prospective change) in the business, operations (including results of operations), properties, assets, liabilities (including contingent liabilities that may arise through outstanding, pending or threatened litigation), condition (financial or otherwise), operations, results of operations, prospects, of the Company or any of its Subsidiaries that, when considered either individually or in the aggregate, has resulted or would reasonably be expected to result in a Material Adverse Effect in respect of the Company, or which, if the Contemplated Transactions were consummated, would be reasonably expected to have a material adverse effect in respect of the Offeror or its affiliates;
- (d) all government and regulatory approvals, waiting or suspensory periods, waivers, permits, consents, reviews, investigations, orders, rulings, decisions, statements of no objection and exemptions, which the Offeror shall have determined, acting reasonably, are necessary or desirable to complete the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction, shall have been obtained or concluded or, in the case of waiting or suspensory periods, expired or been

terminated, each on terms and conditions satisfactory to the Offeror acting reasonably;

- (e) the company shall have obtained the written approval of each of the Dufferin-Peel Catholic District, Peel District, York Region District, and York Region Catholic District, School Boards to the change of control of the Company without pre-conditions or prerequisites which would increase costs or decrease revenues of the business in the hands of the Offeror;
- (f) there shall not exist any prohibition at Law, including a cease trade order, injunction or other prohibition or order at Law or under applicable legislation, against the Offeror making or maintaining the Offer or taking up and paying for Shares and Qualifying Holdco Shares deposited under the Offer or completing a Compulsory Acquisition or any Subsequent Acquisition Transaction;
- (g) the Offeror shall not have become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings in relation to all matters covered in earlier filings), in any document filed by or on behalf of the Company with any securities commission or similar securities regulatory authority in any of the provinces or territories of Canada or elsewhere or any applicable stock exchange or self-regulatory authority in Canada or elsewhere, including any prospectus, annual information form, financial statement, material change report, management proxy circular, press release or any other document so filed by the Company which the Offeror shall have determined in its reasonable judgment constitutes a Material Adverse Effect in respect of the Company or, if the Offer or any Compulsory Acquisition or Subsequent Acquisition Transaction were consummated, would reasonably be expected to have a material adverse effect in respect of the Offeror;
- (h) (i) all representations and warranties of the Company set forth in this Agreement qualified by references to materiality or to Material Adverse Effect shall be true and correct, and (ii) all representations and warranties not qualified by references to materiality or to Material Adverse Effect shall be true and correct in all material respects, in either case as if made on and as of the date of the expiry of the Offer (except to the extent that such representations and warranties speak as to an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date);
- (i) the Company shall have complied in all material respects with all covenants set forth in this Agreement that are to be complied with at or before the expiry of the Offer (without giving effect to, applying or taking into consideration any materiality qualification already contained in such covenant or obligation);
- (j) all representations and warranties of the sellers set forth in the Lock-Up Agreements shall be true and correct in all material respects, as if made on and as of the date of the expiry of the Offer;

- (k) the Sellers shall have complied in all material respects with all covenants set forth in the Lock-Up Agreement that are to be complied with at or before the expiry of the Offer;
- (l) the Company will have obtained and delivered to the Offeror, on or prior to the Effective Date, signed letters from all Persons entitled to any advisory fee, legal fees, success fee, brokerage commission, finder's fee or other like payment in connection with the Offer, which letters shall state the total amounts owed to them as of the Effective Date, and the aggregate total of all such amounts owed shall not exceed that amount set out in the Disclosure Letter by more than \$35,000 except to the extent that any such excess amount is related to an Acquisition Proposal that has been received by the Company.
- (m) the Offeror and Sun Pac shall have entered into the Transitional Services Agreement and such agreement shall be in full force and effect;
- (n) neither this Agreement nor the Lock-Up Agreements shall have been terminated, and no event shall have occurred that, with notice or lapse of time or both, gives the Offeror the right to terminate this Agreement or the Lock-Up Agreements;
- (o) the Offeror shall have entered into a non-compete agreement with each of Vince McEwan and J.A. Ridell in a form satisfactory to the parties thereto, acting reasonably; and
- (p) the Offeror shall have entered into an employment agreement or a non-compete agreement with Jon Knowles in a form satisfactory to the parties thereto, acting reasonably.

The conditions set out in paragraph 6 shall be conclusively deemed to have been satisfied or waived upon the taking up by the Offeror of any Shares and/or Qualifying Holdco Shares pursuant to the Offer.

7. Amendment to the Offer. The Offeror may, in its sole discretion, waive any term or condition of the Offer. The Offeror shall not, without the prior consent of the Company and the Sellers increase the Minimum Tender Condition, impose additional conditions to the Offer, decrease the consideration per Share, decrease the number of Shares in respect of which the Offer is made, change the form of consideration payable under the Offer (other than to add additional consideration or to provide Shareholders with the option to choose one or more alternative forms of consideration in addition to the form of consideration offered under the Offer) or otherwise vary the Offer or any terms or conditions thereof (which for greater certainty does not include a waiver of a condition). Notwithstanding the foregoing, the Offeror may not decrease (including by waiver thereof) the Minimum Tender Condition to less than 50.01% of the Common Shares then outstanding (calculated on a fully diluted basis) without the prior written consent of the Company, and prior to any decrease of the Minimum Tender Condition in accordance with the provisions herein, the Offeror shall have complied with the provisions set forth in Paragraph 3 to this Schedule A relating to an extension of the tender period and made a

public announcement of the extension of the Offer and the decrease in the Minimum Tender Condition, as applicable.

**SCHEDULE “B”
LOCK-UP AGREEMENT FOR JOHN RIDDELL**

LOCK-UP AGREEMENT

THIS AGREEMENT is made as of the 20th day of November, 2007.

BETWEEN:

JOHN A. RIDDELL, of the Province of Ontario
(“**Shareholder**”)

- and -

2154742 ONTARIO LIMITED, a corporation existing
under the laws of Ontario
(“**2154742**”)

- and –

**STUDENT TRANSPORTATION OF AMERICA,
LTD.**, a corporation existing under the laws of Ontario
(“**STA**” and together with 2154742, the “**Offeror**”)

WHEREAS the Shareholder is a registered and beneficial owner of shares in the capital of Canadex Resources Limited (the “**Corporation**”), as more particularly described herein;

AND WHEREAS the Shareholder understands that the Offeror and the Corporation are, concurrently with the execution and delivery of this Agreement, executing and delivering the Support Agreement (as defined herein) providing for the Offer (as defined herein);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder (i) to tender his Shares to the Offer and (ii) to abide by the other restrictions and covenants set forth herein;

AND WHEREAS the Shareholder acknowledges that (i) the Offeror would not enter into the Support Agreement but for the execution and delivery of this Agreement by the Shareholder and (ii) it is a condition of the Offeror’s obligation under the Support Agreement to make the Offer that the Shareholder enter into this Agreement with the Offeror;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreements herein contained, the parties hereto agree as follows:

Interpretation

1.1 Definitions

In this Agreement:

“**affiliate**” means an ‘affiliated entity’ as defined in Ontario Securities Commission Rule 61-501 adopted under the *Securities Act* (Ontario);

“**Corporation**” is defined in the recitals hereto;

“**Securities Laws**” means, collectively, any securities laws applicable to the Offer, including, without limitation, the *Securities Act* (Ontario) and the rules and regulations made thereunder;

“**Shareholder’s Shares**” means all Shares owned by the Shareholder together with all securities issued or acquired in lieu of or in replacement for any such Shares;

“**Support Agreement**” means the support agreement dated the date hereof between the Offeror and the Corporation, a true copy of which has been delivered to the Shareholder simultaneously with this Agreement being entered into.

1.2 Definitions in Support Agreement

All terms used in this Agreement that are not defined in Section 1.1 or elsewhere herein and that are defined in the Support Agreement shall have the respective meanings ascribed to them in the Support Agreement.

1.3 Schedules

The following Schedule attached hereto constitutes an integral part of this Agreement:
Schedule 4.1(b) - Ownership of Shares

COVENANTS OF THE OFFEROR

2.1 Offeror to Make Offer

The Offeror shall make or cause the Offer to be made on the terms and conditions set forth in the Support Agreement. In the event that another entity makes the Offer in accordance with terms and conditions of the Support Agreement, the Offeror shall cause such other entity to become a party to this Agreement, upon which such other entity shall become entitled to exercise all of the rights of the Offeror and subject to all of the obligations of the Offeror under this Agreement but the Offeror shall continue to be jointly and severally liable for all such obligations.

2.2 Other Offeror Covenants

The Offeror hereby covenants and irrevocably agrees in favour of the Shareholder that the Offeror will comply with its obligations set forth in the Support Agreement and will

not amend or waive any provision under the Offer or the Support Agreement to provide for lesser consideration per Share under the Offer or in any respect that is material and adverse to the interests of the Shareholder without the prior written consent of the Shareholder; provided that the Offeror may, without such consent, amend the terms of the Offer (A) to increase the consideration (or the value of the consideration) under the Offer, (B) to extend the expiry time from time to time in accordance with the Securities Laws to a date not later than the Outside Date, or (C) to the extent that it has the right to do so under the Support Agreement, waive any condition of the Offer or the Support Agreement.

COVENANTS OF THE SHAREHOLDER

3.1. General

The Shareholder hereby covenants and irrevocably agrees in favour of the Offeror that, from the date hereof until the earlier of (i) the Effective Date and (ii) the termination of this Agreement in accordance with Article 5, except as permitted by this Agreement, the Shareholder will:

- (a) not, directly or indirectly, through any representative, trustee or agent of the Shareholder, solicit, initiate or knowingly encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal, participate in any negotiations regarding any Acquisition Proposal, accept or approve or recommend any Acquisition Proposal or cause the Corporation to enter into any agreement related to any Acquisition Proposal;
- (b) immediately cease and cause to be terminated any existing discussions or negotiations with any parties (other than the Offeror) with respect to any potential Acquisition Proposal;
- (c) immediately notify the Offeror of any Acquisition Proposal, any bona fide inquiry, proposal, discussions or negotiation with respect to any potential Acquisition Proposal of which the Shareholder or his agents becomes aware; such notice will include, to the extent known to the Shareholder, the material terms and conditions of such Acquisition Proposal, inquiry, proposal, discussion or negotiation. Such notice to the Offeror shall be made orally and in writing and shall indicate, to the extent known to the Shareholder, such details of the proposal, inquiry or contact as the Offeror may reasonably request, including the identity of the Person making such proposal, inquiry or contact and the terms and conditions of such Acquisition Proposal, inquiry, proposal, discussion or negotiation;
- (d) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any of the Shareholder's Shares, or any right or interest therein (legal or equitable), to any Person or group or agree to do any of the foregoing, except to transfer some or all of the Shareholder's Shares to Sun Pac Foods Limited;

- (e) not grant or agree to grant any proxy or other right to vote the Shareholder's Shares, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approval of any kind as to the Shareholder's Shares;
- (f) not take any other action of any kind, directly or indirectly, which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Offer and the other transactions contemplated by the Support Agreement and this Agreement;
- (g) not vote or cause to be voted any of the Shareholder's Shares in respect of any proposed action by the Corporation or its shareholders or affiliates or any other Person in a manner which might reasonably be regarded as likely to prevent or delay the successful completion of the Offer or the other transactions contemplated by the Support Agreement and this Agreement; and
- (h) not purchase or enter into any agreement or right to purchase any additional Shares or any other securities of the Corporation from and including the date hereof until the termination of this Agreement.

3.2 Deposit of the Shareholder's Shares under the Offer

The Shareholder hereby agrees with the Offeror that it will, on or before the fifth Business Day prior to the Expiry Time, cause all of its Shareholder's Shares (other than those that have been transferred to Sun Pac Foods Limited) to be validly tendered in acceptance of the Offer together with the letter of transmittal and, if applicable, notice of guaranteed delivery, and any other documents required in accordance with the Offer, and will not withdraw such Shareholder's Shares from the Offer except as expressly otherwise provided in this Agreement.

3.3 Co-operation/Alternative Transaction

If the Offeror concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Offer (including, without limitation, a plan of arrangement or amalgamation) whereby the Offeror and/or its affiliates would effectively acquire all the Shares on economic and other terms and conditions (including, without limitation, tax treatment) having consequences to the Shareholder that are equivalent to or better than those contemplated by this Agreement (any such transaction being an "**Alternative Transaction**"), the Shareholder agrees to support the completion of the Alternative Transaction in the same manner as the Offer, including by voting the Shareholder's Shares in favour of the Alternative Transaction.

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Shareholder

The Shareholder hereby represents and warrants to and covenants with the Offeror as follows, and acknowledges that the Offeror is relying upon such representations, warranties and covenants in entering into this Agreement:

- (a) Authorization. The Shareholder has all necessary power, authority, capacity and right to enter into this Agreement and to carry out his obligations under this Agreement. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement enforceable by the Offeror against the Shareholder in accordance with its terms, subject, however, to the usual exceptions as to creditors' rights and the availability of equitable remedies.
- (b) Ownership of Shares and Other Securities. The Shareholder is the sole registered and beneficial owner of the Shareholder's Shares shown opposite his name in Schedule 4.1(b) - Ownership of Shares (with such exceptions as are described in that Schedule), with good and marketable title thereto, free and clear of all Liens and has full legal right, power and authority to enter into this Agreement, to deposit the Shareholder's Shares under the Offer and to sell the Shareholder's Shares to the Offeror in accordance with this Agreement; upon take-up of and payment for the Shareholder's Shares, the Shareholder will have conveyed to the Offeror good and marketable title to the Shareholder's Shares, free and clear of any Liens. The Shareholder is not a party to, bound or affected by or subject to, any charter or by-law, contract, provision, statute, regulation, judgment, order, decree or law which would in any material respect be violated, contravened, breached by, or under which any material default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (c) No Agreements. No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Shareholder's Shares, or any interest therein or right thereto, except pursuant to this Agreement.
- (d) Voting. None of the Shareholder's Shares is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind.
- (e) Consents. No consent, waiver, approval, authorization, exemption, registration, licence or declaration of or by, or filing with, or notification to any Governmental Entity which has not been made or obtained is required to be made or obtained by the Shareholder in connection with (i) the execution and delivery by the Shareholder of this Agreement or (ii) the consummation of any transactions by the Shareholder provided for herein.
- (f) Residency. The Shareholder is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).
- (g) Legal Proceedings. There are no legal proceedings in progress or pending before any Governmental Entity or threatened against the Shareholder that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform his obligations hereunder or the title of the Shareholder to any of the Shareholder's Shares and there is no judgment, decree or order

against the Shareholder that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform his obligations hereunder or the title of the Shareholder to any of the Shareholder's Shares.

- (h) Material Information. The Shareholder does not have any actual knowledge of (i) a material change (as defined in the Securities Act (Ontario)) with respect to the Corporation that has not been publicly disclosed by the Corporation, (ii) any misrepresentation (as defined in the Securities Act (Ontario)) with respect to the Corporation that has been made in any Company Reports that was a misrepresentation as of the date of the applicable Company Report, except as has been subsequently corrected, in each case, other than the transactions contemplated herein.

4.2 Representations and Warranties of the Offeror

The Offeror hereby represents and warrants to the Shareholder each of the representations and warranties of the Offeror contained in the Support Agreement, which are incorporated herein by reference, and that:

- (a) the Offeror has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement by the Offeror and the consummation by the Offeror of the transactions contemplated hereunder have been duly authorized by the board of directors or similar authority of the Offeror and no other internal proceedings on the part of the Offeror are necessary to authorize this Agreement or the transactions contemplated hereby;
- (c) this Agreement has been duly executed and delivered by the Offeror and constitutes a legal, valid and binding agreement enforceable by the Shareholder against the Offeror in accordance with its terms, subject to the usual exceptions as to creditors' rights and the availability of equitable remedies;
- (d) the Offeror is not a party to, bound or affected by or subject to, any charter or by-law, contract, provision, statute, regulation, judgment, order, decree or law which would in any material respect be violated, contravened, breached by, or under which any material default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement; and
- (e) no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required by the Offeror in connection with the execution and delivery of this Agreement by the Offeror, except as specified in the Support Agreement.

The representations and warranties of the Offeror set forth in this Section 4.2 shall survive the completion of the purchase by the Offeror of the Shareholder's Shares and

despite such completion, shall continue in full force and effect for the benefit of the Shareholder.

TERMINATION

5.1 Termination by the Offeror

The Offeror, when not in material default in the performance of its obligations under this Agreement or the Support Agreement, may, without prejudice to any of its rights hereunder and in its sole discretion, terminate this Agreement by written notice to the Shareholder if:

- (a) any of the representations and warranties of the Shareholder under this Agreement shall not be true and correct in all material respects;
- (b) the Shareholder shall not have complied in all material respects with his covenants to the Offeror contained in this Agreement;
- (c) the Offeror shall not be required to make the Offer as a result of any condition precedent referred to in Section 2.2(a) or (b) of the Support Agreement not being satisfied by the time specified in Section 2 of the Support Agreement; or
- (d) at any time after the Outside Date, the Shareholder's Shares have not been taken up and paid for under the Offer.

5.2 Termination by the Shareholder

The Shareholder, when not in material default in the performance of his obligations under this Agreement, may, without prejudice to any of his rights hereunder and in his sole discretion, terminate this Agreement by written notice to the Offeror if:

- (a) any of the representations and warranties of the Offeror under this Agreement shall not be true and correct in all material respects;
- (b) the Offeror shall not have complied in all material respects with its covenants to the Shareholder contained herein; or
- (c) at any time after the Outside Date, the Shareholder's Shares have not been taken up and paid for under the Offer.

5.3 Automatic Termination

Unless extended by mutual agreement of the Shareholder and the Offeror, this Agreement shall automatically terminate (a) on the Effective Date; or (b) upon the termination of the Support Agreement in accordance with its terms.

5.4 Agreement to Terminate

This Agreement may be terminated by a written instrument executed by the Offeror and the Shareholder.

5.5 Effect of Termination

If this Agreement is terminated in accordance with this Article 5, the provisions of this Agreement will become void and no party shall have liability to any other party, except in respect of a breach of this Agreement which occurred prior to such termination and the Offeror shall no longer be required to make or pursue the Offer and, if the Offer has been made, the Shareholder shall be entitled to withdraw the Shareholder's Shares from the Offer.

GENERAL

6.1 Further Assurances

The Shareholder and the Offeror will, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

6.2 Survival of Representations and Warranties

No investigations made by or on behalf of the Offeror or any of its authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the Shareholder herein or pursuant hereto.

6.3 Disclosure

Except as required by applicable laws or regulations or by any Governmental Entity, no party shall make any public announcement or statement with respect to this Agreement without the approval of the other which shall not be unreasonably withheld or delayed. Moreover, the parties agree to consult with each other prior to making any public filing, summarizing any provisions of this Agreement in any takeover bid circular in respect of the Offer or other disclosure document in connection with the Offer or making any public announcement or statement with respect to this Agreement, subject to the overriding obligations of applicable laws or regulations.

6.4 Assignment

Subject to prior written notice to the Shareholder, the Offeror may assign all or part of its rights under this Agreement to a corporation owned, directly or indirectly, in whole by the Offeror, but, if such assignment takes place, the Offeror shall continue to be liable jointly and severally with the assignee for any obligations hereunder. This Agreement shall not be otherwise assignable by any party hereto without the prior written consent of the other party hereto, which consent may be unreasonably withheld.

6.5 Time

Time shall be of the essence of this Agreement.

6.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein (without regard to conflict of laws principles).

6.7 Entire Agreement

This Agreement, including the schedule hereto and the provisions of the Support Agreement incorporated herein by reference, constitutes the entire agreement and understanding between and among the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, representation or understanding with respect thereto.

6.8 Amendments

This Agreement may not be modified, amended, altered or supplemented, except upon the execution and delivery of a written agreement executed by all of the parties hereto.

6.9 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by telecopier, in the case of:

(a) the Offeror, addressed as follows:

Student Transportation of America Ltd.
3349 Highway 138
Building B, Suite D
Wall, New Jersey 07719
U.S.A.

Attention: Patrick Walker
Telecopier No.: (732) 280-4213

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

Goodmans LLP
250 Yonge Street
Suite 2400
Toronto, Ontario M5B 2M6
Canada

Attention: Robert Vaux
Telecopier No.: (416) 979-1234

the Shareholder, addressed as follows (and marked Personal and Confidential):

John A. Riddell
c/o Sun Pac Foods Limited
10 Sun Pac Blvd.
Brampton, Ontario
L6S 4R5

Telecopier No.: (905) 792-8490

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

Borden Ladner Gervais
Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3Y4

Attention: Paul Findlay
Telecopier No.: (416) 361-7083

or to such other address as the relevant Person may from time to time advise by notice in writing given pursuant to this Section. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or sending thereof if sent or delivered during normal business hours on a Business Day at the place of receipt and, otherwise, on the next following Business Day.

6.10 Specific Performance and other Equitable Rights

It is recognized and acknowledged that a breach by any party of any material obligations contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Accordingly, in the event of any such breach, any aggrieved party shall be entitled to the remedy of specific performance of such obligations and interlocutory, preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

6.11 Expenses

Each of the parties shall pay its respective legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

6.12 Counterparts

This Agreement may be executed in one or more counterparts which together shall be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by means of telecopier transmission.

6.13 Language

The parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux presentes ont exige que le present contrat et tous autres contrats, documents ou avis afferents aux presentes soient rediges en langue anglaise.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

_____ }
Witness } _____
JOHN A. RIDDELL

2154742 ONTARIO LIMITED

By: _____
Authorized Signing Officer

STUDENT TRANSPORTATION OF AMERICA LTD.

By: _____
Authorized Signing Officer

Schedule 4.1(b) – Ownership of Shares

Registered and Beneficial Owner	Number of Class of Shares
J.A. Riddell	413,500 Common Shares

**SCHEDULE “C”
LOCK-UP AGREEMENT FOR SUN PAC FOODS LIMITED**

LOCK-UP AGREEMENT

THIS AGREEMENT is made as of the 20th day of November, 2007.

BETWEEN:

SUN PAC FOODS LIMITED, a corporation existing under the laws of Ontario (“**Shareholder**”)

-and -

2154742 ONTARIO LIMITED, a corporation existing under the laws of Ontario

(“**2154742**”)

- and –

STUDENT TRANSPORTATION OF AMERICA, LTD., a corporation existing under the laws of Ontario

(“**STA**” and together with 2154742, the “**Offeror**”)

WHEREAS the Shareholder is a registered and beneficial owner of shares in the capital of Canadex Resources Limited (the “**Corporation**”), as more particularly described herein;

AND WHEREAS the Shareholder understands that the Offeror and the Corporation are, concurrently with the execution and delivery of this Agreement, executing and delivering the Support Agreement (as defined herein) providing for the Offer (as defined herein);

AND WHEREAS this Agreement sets out the terms and conditions of the agreement of the Shareholder (i) to tender its Shares to the Offer and (ii) to abide by the other restrictions and covenants set forth herein;

AND WHEREAS the Shareholder acknowledges that (i) the Offeror would not enter into the Support Agreement but for the execution and delivery of this Agreement by the Shareholder and (ii) it is a condition of the Offeror’s obligation under the Support Agreement to make the Offer that the Shareholder enter into this Agreement with the Offeror;

NOW THEREFORE this Agreement witnesses that, in consideration of the premises and the covenants and agreements herein contained, the parties hereto agree as follows:

Interpretation

1.1 Definitions

In this Agreement:

“**affiliate**” means an ‘affiliated entity’ as defined in Ontario Securities Commission Rule 61-501 adopted under the *Securities Act* (Ontario);

“**Corporation**” is defined in the recitals hereto;

“**Securities Laws**” means, collectively, any securities laws applicable to the Offer, including, without limitation, the *Securities Act* (Ontario) and the rules and regulations made thereunder;

“**Shareholder’s Shares**” means all Shares owned by the Shareholder together with all securities issued or acquired in lieu of or in replacement for any such Shares and any Shares acquired by the Shareholder subsequent to the date hereof;

“**Support Agreement**” means the support agreement dated the date hereof between the Offeror and the Corporation, a true copy of which has been delivered to the Shareholder simultaneously with this Agreement being entered into.

1.4 Definitions in Support Agreement

All terms used in this Agreement that are not defined in Section 1.1 or elsewhere herein and that are defined in the Support Agreement shall have the respective meanings ascribed to them in the Support Agreement.

1.5 Schedules

The following Schedule attached hereto constitutes an integral part of this Agreement:
Schedule 4.1(b) - Ownership of Shares

COVENANTS OF THE OFFEROR

2.1 Offeror to Make Offer

The Offeror shall make or cause the Offer to be made on the terms and conditions set forth in the Support Agreement. In the event that another entity makes the Offer in accordance with terms and conditions of the Support Agreement, the Offeror shall cause such other entity to become a party to this Agreement, upon which such other entity shall become entitled to exercise all of the rights of the Offeror and subject to all of the obligations of the Offeror under this Agreement, but the Offeror shall continue to be jointly and severally liable for all such obligations.

2.2 Other Offeror Covenants

The Offeror hereby covenants and irrevocably agrees in favour of the Shareholder that the Offeror will comply with its obligations set forth in the Support Agreement and will not amend or waive any provision under the Offer or the Support Agreement to provide for lesser consideration per Share under the Offer or in any respect that is material and adverse to the interests of the Shareholder without the prior written consent of the Shareholder; provided that the Offeror may, without such consent, amend the terms of the Offer (A) to increase the consideration (or the value of the consideration) under the Offer, (B) to extend the expiry time from time to time in accordance with the Securities Laws to a date not later than the Outside Date, or (C) to the extent that it has the right to do so under the Support Agreement, waive any condition of the Offer or the Support Agreement.

COVENANTS OF THE SHAREHOLDER

3.1. General

The Shareholder hereby covenants and irrevocably agrees in favour of the Offeror that, from the date hereof until the earlier of (i) the Effective Date and (ii) the termination of this Agreement in accordance with Article 5, except as permitted by this Agreement, the Shareholder will:

- (a) not, directly or indirectly, through any officer, director, employee, representative, trustee or agent of the Shareholder, solicit, initiate or knowingly encourage or facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) the initiation of any inquiries or proposals regarding an Acquisition Proposal, participate in any negotiations regarding any Acquisition Proposal, accept or approve or recommend any Acquisition Proposal or cause the Corporation to enter into any agreement related to any Acquisition Proposal;
- (b) immediately cease and cause to be terminated any existing discussions or negotiations with any parties (other than the Offeror) with respect to any potential Acquisition Proposal;
- (c) immediately notify the Offeror of any Acquisition Proposal, any bona fide inquiry, proposal, discussions or negotiation with respect to any potential Acquisition Proposal of which the Shareholder or its agents becomes aware; such notice will include, to the extent known to the Shareholder, the material terms and conditions of such Acquisition Proposal, inquiry, proposal, discussion or negotiation. Such notice to the Offeror shall be made orally and in writing and shall indicate, to the extent known to the Shareholder, such details of the proposal, inquiry or contact as the Offeror may reasonably request, including the identity of the Person making such proposal, inquiry or contact and the terms and conditions of such Acquisition Proposal, inquiry, proposal, discussion or negotiation;

- (d) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey any of the Shareholder's Shares, or any right or interest therein (legal or equitable), to any Person or group or agree to do any of the foregoing, except to transfer some or all of the Shareholder's Shares to a Qualifying Holdco;
- (e) not grant or agree to grant any proxy or other right to vote the Shareholder's Shares, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approval of any kind as to the Shareholder's Shares;
- (f) not take any other action of any kind, directly or indirectly, which might reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the Offer and the other transactions contemplated by the Support Agreement and this Agreement;
- (g) not vote or cause to be voted any of the Shareholder's Shares in respect of any proposed action by the Corporation or its shareholders or affiliates or any other Person in a manner which might reasonably be regarded as likely to prevent or delay the successful completion of the Offer or the other transactions contemplated by the Support Agreement and this Agreement; and
- (h) not purchase or enter into any agreement or right to purchase any additional Shares or any other securities of the Corporation from and including the date hereof until the termination of this Agreement, except from John A. Riddell.

3.2 Deposit of the Shareholder's Shares under the Offer

The Shareholder hereby agrees with the Offeror that it will, on or before the fifth Business Day prior to the Expiry Time, cause

- (a) all of its Shareholder's Shares that it has not transferred to a Qualifying Holdco; and
- (b) the Qualifying Holdco Shares of any Qualifying Holdco to which the Shareholder has transferred Shareholder's Shares

to be validly tendered in acceptance of the Offer together with the letter of transmittal and, if applicable, notice of guaranteed delivery, and any other documents required in accordance with the Offer, and will not withdraw the Shareholder's Shares or the Qualifying Holdco Shares from the Offer except as expressly otherwise provided in this Agreement.

3.3 Co-operation/Alternative Transaction

If the Offeror concludes after the date of this Agreement that it is necessary or desirable to proceed with a form of transaction other than the Offer (including, without limitation, a plan of arrangement or amalgamation) whereby the Offeror and/or its affiliates would effectively acquire all the Shares on economic and other terms and conditions (including,

without limitation, tax treatment) having consequences to the Shareholder that are equivalent to or better than those contemplated by this Agreement (any such transaction being an “**Alternative Transaction**”), the Shareholder agrees to support the completion of the Alternative Transaction in the same manner as the Offer, including by voting the Shareholder’s Shares in favour of the Alternative Transaction.

REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Shareholder

The Shareholder hereby represents and warrants to and covenants with the Offeror as follows, and acknowledges that the Offeror is relying upon such representations, warranties and covenants in entering into this Agreement:

- (a) Authorization. The Shareholder has all necessary power, authority, capacity and right to enter into this Agreement and to carry out each of its obligations under this Agreement. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement enforceable by the Offeror against the Shareholder in accordance with its terms, subject, however, to the usual exceptions as to creditors’ rights and the availability of equitable remedies.
- (b) Ownership of Shares and Other Securities. The Shareholder is the sole registered and beneficial owner of the Shareholder’s Shares shown opposite its name in Schedule 4.1(b) - Ownership of Shares (with such exceptions as are described in that Schedule), with good and marketable title thereto, free and clear of all Liens and has full legal right, power and authority to enter into this Agreement, to deposit the Shareholder’s Shares under the Offer and to sell the Shareholder’s Shares to the Offeror in accordance with this Agreement; upon take-up of and payment for the Shareholder’s Shares, the Shareholder will have conveyed to the Offeror good and marketable title to the Shareholder’s Shares, free and clear of any Liens. The Shareholder is not a party to, bound or affected by or subject to, any charter or by-law, contract, provision, statute, regulation, judgment, order, decree or law which would in any material respect be violated, contravened, breached by, or under which any material default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (c) No Agreements. No Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Shareholder’s Shares, or any interest therein or right thereto, except pursuant to this Agreement.
- (d) Voting. None of the Shareholder’s Shares is subject to any proxy, voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind.

- (e) Consents. No consent, waiver, approval, authorization, exemption, registration, licence or declaration of or by, or filing with, or notification to any Governmental Entity which has not been made or obtained is required to be made or obtained by the Shareholder in connection with (i) the execution and delivery by the Shareholder of this Agreement or (ii) the consummation of any transactions by the Shareholder provided for herein.
- (f) Residency. The Shareholder is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).
- (g) Legal Proceedings. There are no legal proceedings in progress or pending before any Governmental Entity or threatened against the Shareholder that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Shareholder's Shares and there is no judgment, decree or order against the Shareholder that would adversely affect in any manner the ability of the Shareholder to enter into this Agreement and to perform its obligations hereunder or the title of the Shareholder to any of the Shareholder's Shares.
- (h) Material Information. The Shareholder does not have any actual knowledge of (i) a material change (as defined in the Securities Act (Ontario)) with respect to the Corporation that has not been publicly disclosed by the Corporation, (ii) any misrepresentation (as defined in the Securities Act (Ontario)) with respect to the Corporation that has been made in any Company Report that was a misrepresentation as of the date of the applicable Company Report, except as has been subsequently corrected, in each case, other than the transactions contemplated herein.
- (i) Canadian Securities Legislation. The Company is a "reporting issuer" under applicable securities Laws in Ontario and Alberta and is not in default of any requirements of any securities Laws applicable in such jurisdictions, except for any non-compliance or default which, individually or in the aggregate, would not reasonably be expected to cause a Material Adverse Effect. The Company has filed with securities regulatory authorities in such jurisdictions, true and complete copies of all documents required to be filed with such authorities and organizations under applicable securities Laws or otherwise. The Company has not filed any confidential material change report which at the date hereof remains confidential.
- (j) Financial Statements. The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles applied on a consistent basis during the periods involved (except as may otherwise be indicated in the notes thereto or, in the case of unaudited interim financial statements, as may be permitted by applicable accounting policies) and fairly present in all material respects the consolidated financial position of the Company as of the dates thereof and the consolidated results of its operations and cash flows for the periods then ended (subject, in the case of unaudited interim financial statements, to normal year-end audit adjustments and except that such unaudited

interim financial statements may omit notes which are not required in unaudited financial statements).

- (k) No Undisclosed Material Liabilities. Neither the Company nor any of its Subsidiaries has any material liabilities or obligations of any nature (whether accrued, absolute, contingent, matured or unmatured or otherwise), or any obligation to issue any debt securities, or guarantee, endorse or otherwise become responsible for, the obligations of any other Person except as disclosed in the Financial Statements or as have been incurred in the ordinary course of business since the date thereof.
- (l) Compliance with Applicable Law. Each of the Company and its Subsidiaries is in material compliance with, and has since June 30, 2004 been in material compliance with, all Laws.
- (m) Material Contracts. No default exists (or, but for the passage of time or the giving of notice, would exist) under any Material Contract on the part of the Company or any of its Subsidiaries or, to the knowledge of Sun Pac, on the part of any other party to such contracts except as would not have individually or in the aggregate, a Material Adverse Effect.
- (n) Tax Matters.
 - (i) Each of the Company and its Subsidiaries has filed, or caused to be filed, all Tax Returns required to be filed by them, all of which Tax Returns were correct in all material respects.
 - (ii) Each of the Company and its Subsidiaries, taken as a whole, have made adequate provision in their Books and Records for any material amount of Taxes accruing in respect of any period subsequent to the period covered by the Company's most recently published Financial Statements.
 - (iii) Since the publication date of the Company's most recently published Financial Statements, no material tax liability not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued.
 - (iv) The Company and each of its Subsidiaries have paid, or caused to be paid, all Taxes that are shown on their respective Tax Returns to be due and payable or have provided adequate accruals in accordance with generally accepted accounting principles, which are reflected in the Company's most recently published Financial Statements, for any Taxes for the period covered by such Financial Statements that have not been paid, whether or not shown as being due on any Tax Returns.
 - (v) All assessments of Taxes made against the Company or any of its Subsidiaries have been paid if due, and adequate reserves have been accrued on the most recently published Financial Statements for those

amounts owing but not yet due. Except as reserved in the most recently published Financial Statements of the Company, there are no material proposed (but unassessed) additional Taxes known to the Company or any of its Subsidiaries.

- (vi) Each of the Company and its Subsidiaries has deducted and remitted to the relevant Governmental Entity all material amounts of Taxes which it is required by applicable Law or contract to so collect and remit to all Governmental Entities or other Persons entitled to receive payment of same.

(o) Environmental Matters.

The Company and each of its Subsidiaries:

- (i) has not, to the knowledge of Sun Pac, received any order, request or notice from any Person alleging a material violation of any Environmental Laws; and
- (ii) except where the same would not individually or in the aggregate be material to the Company and its Subsidiaries on a consolidated basis, (a) is not a party to any litigation or administrative proceeding, nor, to the knowledge of Sun Pac, is any litigation or administrative proceeding threatened against it or its property or assets, which in either case (1) asserts or alleges that it violated any Environmental Laws, (2) asserts or alleges that it is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Material, or (3) asserts or alleges that it is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Material, (b) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and, to the knowledge of the Company, has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws.

4.2 Representations and Warranties of the Offeror

The Offeror hereby represents and warrants to the Shareholder each of the representations and warranties of the Offeror contained in the Support Agreement, which are incorporated herein by reference, and that:

- (a) the Offeror has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder;
- (b) the execution and delivery of this Agreement by the Offeror and the consummation by the Offeror of the transactions contemplated hereunder have been duly authorized by the board of directors or similar authority of the Offeror

and no other internal proceedings on the part of the Offeror are necessary to authorize this Agreement or the transactions contemplated hereby;

- (c) this Agreement has been duly executed and delivered by the Offeror and constitutes a legal, valid and binding agreement enforceable by the Shareholder against the Offeror in accordance with its terms, subject to the usual exceptions as to creditors' rights and the availability of equitable remedies;
- (d) the Offeror is not a party to, bound or affected by or subject to, any charter or by-law, contract, provision, statute, regulation, judgment, order, decree or law which would in any material respect be violated, contravened, breached by, or under which any material default would occur as a result of, the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement; and
- (e) no consent, approval or authorization of, or declaration or filing with, or notice to, any Governmental Entity which has not been received or made is required by the Offeror in connection with the execution and delivery of this Agreement by the Offeror, except as specified in the Support Agreement.

The representations and warranties of the Offeror set forth in this Section 4.2 shall survive the completion of the purchase by the Offeror of the Shareholder's Shares and despite such completion, shall continue in full force and effect for the benefit of the Shareholder.

INDEMNIFICATION

5.1 Survival of Sun Pac's Representations and Warranties

The representations and warranties of the Shareholder contained in this Agreement shall survive the Effective Date for the benefit of the Offeror until September 30, 2008.

5.2 Indemnification

- (a) Subject to Section 5.6, Sun Pac indemnifies and holds the Offeror harmless from and against:
 - (i) any claim, demand, complaint, grievance, action or cause of action including, without limitation, reasonable professional fees and all reasonable costs incurred in investigating or defending any of the foregoing, or any proceeding, arbitration, mediation or other dispute resolution procedure relating to any of the foregoing, or any orders, writs, injunctions, decrees, assessment or reassessment of any Governmental Entity (a "**Claim**") which may be made or brought against the Offeror by a third party; or
 - (ii) any loss, liability, damage, cost or expense (a "**Loss**")

in respect of, as a result of, or arising out of the failure of any representation or warranty made by Sun Pac in this Agreement to be true and correct in all respects as of the date of this Agreement.

- (b) The obligations to indemnify and hold harmless pursuant to this Section 5.2 shall survive the consummation of the Offer and the Contemplated Transactions until September 30, 2008, except to the extent that the Offeror has provided Sun Pac with notice in writing of any Claim or Loss prior to the end of such period, in which case the obligation to indemnify and hold harmless shall survive until final resolution of any Claim or the final determination of any Loss.

5.3 Procedure for Indemnification of Losses

- (a) Within a reasonable period of time after the incurrence of any Losses by the Offeror which might give rise to indemnification hereunder, the Offeror shall deliver to Sun Pac a certificate (the “**Certificate**”), which Certificate shall:
 - (i) state that the Offeror has paid or properly accrued a Loss or anticipates that it will incur liability for a Loss for which it is entitled to indemnification pursuant to this Agreement;
 - (ii) specify in reasonable detail each individual item of Loss included in the amount so stated, the date such item was paid or properly accrued, the basis for any anticipated liability and the nature of the misrepresentation or breach of warranty to which each such item is related and the computation of the amount to which the Offeror claims to be entitled hereunder; and
 - (iii) be delivered to Sun Pac.
- (b) If Sun Pac shall object to the indemnification of the Offeror in respect of any Loss specified in any Certificate, Sun Pac shall, within 10 days after receipt by Sun Pac of such Certificate, deliver to the Offeror a notice to such effect and Sun Pac and the Offeror shall, within the 30 day period beginning on the date of receipt by the Offeror of such objection, attempt in good faith to agree upon the rights of the respective parties with respect to each of such Losses to which Sun Pac shall have so objected. If the Offeror and Sun Pac shall succeed in reaching agreement on their respective rights with respect to any of such Losses, the Offeror and Sun Pac shall promptly prepare and sign a memorandum setting forth such agreement. Should the Offeror and Sun Pac be unable to agree as to any particular item or items or amount or amounts, then the Offeror and Sun Pac shall submit such dispute to a court of competent jurisdiction. The party which receives a final judgment in such dispute shall be indemnified and held harmless for all reasonable attorney and consultant’s fees or expenses by the other party.

5.4 Third Party Claims

If a Claim by a third party is made against the Offeror, the Company or a Subsidiary, and if the Offeror intends to seek indemnity with respect thereto under this Article 5, the Offeror shall promptly notify Sun Pac of such Claim; provided that the failure to so notify shall not relieve Sun Pac of its obligations hereunder, except to the extent that Sun Pac is actually and materially prejudiced thereby. Unless the parties otherwise agree, the Offeror shall assume the conduct and control, through counsel reasonably acceptable to Sun Pac, of the defence or settlement thereof and Sun Pac shall cooperate with it in connection therewith; provided that the Offeror shall permit Sun Pac to participate in such defence or settlement through counsel chosen by Sun Pac, provided that the fees and expenses of such counsel shall be wholly borne by Sun Pac. No settlement of any Claim may be made without the consent of both the Offeror and Sun Pac.

5.5 Indemnification Payments

Losses specified in any Certificate to which Sun Pac shall not object in writing within 10 days of receipt of such Certificate, the amount of any Losses the validity and amount of which have been the subject of judicial determination as described in Section 5.3(b) and the amount of any Claims the validity and amount of which shall have been the subject of a final judicial determination, or shall have been settled with the consent of Sun Pac, as described in Section 5.4 above are hereinafter referred to, collectively, as "Agreed Indemnification Amounts". Within 10 days of the determination of the amount of any Agreed Indemnification Amounts, Sun Pac shall pay to the Offeror an amount equal to the Agreed Indemnification Amounts by wire transfer in immediately available funds to the bank account or accounts designated by the Offeror in a notice to Sun Pac not less than two Business Days prior to such payment.

5.6 Limitation of Liability

Sun Pac shall be required to indemnify the Offeror only to the extent of 35% of the amount by which the aggregate amount of the Claims exceeds \$500,000, subject to a maximum amount to be paid by Sun Pac of \$2,000,000.

5.7 Exclusive Remedy

From and after the Effective Date, the indemnification rights provided in this Article 5 shall be the sole and exclusive remedy available to the Offeror with respect to any breach of the representation or, warranties of Sun Pac in this Agreement.

TERMINATION

6.1 Termination by the Offeror

The Offeror, when not in material default in the performance of its obligations under this Agreement or the Support Agreement, may, without prejudice to any of its rights hereunder and in its sole discretion, terminate this Agreement by written notice to the Shareholder if:

- (a) any of the representations and warranties of the Shareholder under this Agreement shall not be true and correct in all material respects;
- (b) the Shareholder shall not have complied in all material respects with its covenants to the Offeror contained in this Agreement;
- (c) the Offeror shall not be required to make the Offer as a result of any condition precedent referred to in Section 2.2(a) or (b) of the Support Agreement not being satisfied by the time specified in Section 2 of the Support Agreement; or
- (d) at any time after the Outside Date, the Shareholder's Shares have not been taken up and paid for under the Offer.

6.2 Termination by the Shareholder

The Shareholder, when not in material default in the performance of its obligations under this Agreement, may, without prejudice to any of its rights hereunder and in its sole discretion, terminate this Agreement by written notice to the Offeror if:

- (a) any of the representations and warranties of the Offeror under this Agreement shall not be true and correct in all material respects;
- (b) the Offeror shall not have complied in all material respects with its covenants to the Shareholder contained herein; or
- (c) at any time after the Outside Date, the Shareholder's Shares have not been taken up and paid for under the Offer.

6.3 Automatic Termination

Unless extended by mutual agreement of the Shareholder and the Offeror, this Agreement shall automatically terminate (a) on the Effective Date; or (b) upon the termination of the Support Agreement in accordance with its terms.

6.4 Agreement to Terminate

This Agreement may be terminated by a written instrument executed by the Offeror and the Shareholder.

6.5 Effect of Termination

If this Agreement is terminated in accordance with this Article 5, the provisions of this Agreement will become void and no party shall have liability to any other party, except in respect of a breach of this Agreement which occurred prior to such termination and the Offeror shall no longer be required to make or pursue the Offer and, if the Offer has been made, the Shareholder shall be entitled to withdraw the Shareholder's Shares from the Offer.

GENERAL

7.1 Further Assurances

The Shareholder and the Offeror will, from time to time, promptly execute and deliver all such further documents and instruments and do all such acts and things as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

7.2 Survival of Representations and Warranties

No investigations made by or on behalf of the Offeror or any of its authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the Shareholder herein or pursuant hereto.

7.3 Disclosure

Except as required by applicable laws or regulations or by any Governmental Entity, no party shall make any public announcement or statement with respect to this Agreement without the approval of the other which shall not be unreasonably withheld or delayed. Moreover, the parties agree to consult with each other prior to making any public filing, summarizing any provisions of this Agreement in any takeover bid circular in respect of the Offer or other disclosure document in connection with the Offer or making any public announcement or statement with respect to this Agreement, subject to the overriding obligations of applicable laws or regulations.

7.4 Assignment

Subject to prior written notice to the Shareholder, the Offeror may assign all or part of its rights under this Agreement to a corporation owned, directly or indirectly, in whole by the Offeror, but, if such assignment takes place, the Offeror shall continue to be liable jointly and severally with the assignee for any obligations hereunder. This Agreement shall not be otherwise assignable by any party hereto without the prior written consent of the other party hereto, which consent may be unreasonably withheld.

7.5 Time

Time shall be of the essence of this Agreement.

7.6 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and of Canada applicable therein (without regard to conflict of laws principles).

7.7 Entire Agreement

This Agreement, including the schedule hereto and the provisions of the Support Agreement incorporated herein by reference, constitutes the entire agreement and understanding between and among the parties hereto with respect to the subject matter hereof and supersedes any prior agreement, representation or understanding with respect thereto.

7.8 Amendments

This Agreement may not be modified, amended, altered or supplemented, except upon the execution and delivery of a written agreement executed by all of the parties hereto.

7.9 Notices

Any notice, request, consent, agreement or approval which may or is required to be given pursuant to this Agreement shall be in writing and shall be sufficiently given or made if delivered, or sent by telecopier, in the case of:

- (a) the Offeror, addressed as follows:

Student Transportation of America Ltd.
3349 Highway 138
Building B, Suite D
Wall, New Jersey 07719
U.S.A.

Attention: Patrick Walker
Telecopier No.: (732) 280-4213

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

Goodmans LLP
250 Yonge Street
Suite 2400
Toronto, Ontario M5B 2M6
Canada

Attention: Robert Vaux
Telecopier No.: (416) 979-1234

- (b) the Shareholder, addressed as follows:

Sun Pac Foods Limited
10 Sun Pac Blvd.
Brampton, Ontario
L6S 4R5

Attention: Vince McEwan
Telecopier No.: (905) 792-8490

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

Borden Ladner Gervais
Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3Y4

Attention: Paul Findlay
Telecopier No.: (416) 361-7083

or to such other address as the relevant Person may from time to time advise by notice in writing given pursuant to this Section. The date of receipt of any such notice, request, consent, agreement or approval shall be deemed to be the date of delivery or sending thereof if sent or delivered during normal business hours on a Business Day at the place of receipt and, otherwise, on the next following Business Day.

7.10 Specific Performance and other Equitable Rights

It is recognized and acknowledged that a breach by any party of any material obligations contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Accordingly, in the event of any such breach, any aggrieved party shall be entitled to the remedy of specific performance of such obligations and interlocutory, preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

7.11 Expenses

Each of the parties shall pay its respective legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

7.12 Counterparts

This Agreement may be executed in one or more counterparts which together shall be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by means of telecopier transmission.

7.13 Language

The parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux presentes ont exige que le present contrat et tous autres contrats, documents ou avis afferents aux presentes soient rediges en langue anglaise.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

SUN PAC FOODS LIMITED

By: _____
Authorized Signing Officer

2154742 ONTARIO LIMITED

By: _____
Authorized Signing Officer

**STUDENT TRANSPORTATION OF
AMERICA LTD.**

By: _____
Authorized Signing Officer

Schedule 4.1(b) – Ownership of Shares

Registered and Beneficial Owner	Number of Class of Shares
Sun Pac Foods Limited	1,434,000 Common Shares
Sun Pac Foods Limited	5,279,346 Class A Preference Shares

SCHEDULE "D"
OPTIONS, ETC.

On February 23, 2004, the Company granted options to directors, officers and employees for a total of 530,000 Common Shares exercisable at \$3.70 per Common Share. These options expire on February 22, 2014. As at the date of this Agreement, all of these options were outstanding and exercisable.