

AGREEMENT FOR THE PURCHASE AND SALE OF SHARES

OF

SHANCO CAMP SERVICES LTD.

[Article 9 and Section 3.27 contain “deleted text”]

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THIS AGREEMENT made as of the ____ day of September, 2006,

BETWEEN: **698819 ALBERTA LTD.,**
a corporation organized under the laws of the Province of
Alberta

-and-

755983 ALBERTA LTD.,
a corporation organized under the laws of the Province of
Alberta

-and-

755982 ALBERTA LTD.,
a corporation organized under the laws of the Province of
Alberta

**(698819 Alberta Ltd., 755983 Alberta Ltd., and 755982
Alberta Ltd.,** are hereinafter collectively referred to as the
“Sellers”)

-and-

**KENNETH FRANCIS, SHANE STAMPE and DOUGLAS
CANN** (together referred to as the “Guarantors”)

-and-

HORIZON NORTH LOGISTICS INC.
a corporation organized under the *Business Corporations Act*
(Alberta)

(the “Purchaser”)

WHEREAS the Sellers wish to sell to the Purchaser, and the Purchaser wishes to purchase from the Sellers, all of the outstanding shares of Shanco Camp Services Ltd. on the terms hereinafter set forth on the basis of an exempt take-over bid as contemplated in applicable securities laws;

NOW THEREFORE in consideration of the respective covenants, agreements, representations, warranties and indemnities herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms.

For the purpose of this Agreement and in the Schedules attached hereto, unless the context otherwise requires, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

“**Affiliate**” means, for the purposes hereof, an entity (the “**first entity**”) that is the Affiliate of another entity (the “**second entity**”) where the second entity controls the first entity, or the first entity controls the second entity or both entities are controlled by the same Person or entity and for these purposes “control” is the power whether by contract or ownership of equity interests to select a majority of the board of directors or other supervisory management authority of an entity whether directly or indirectly through a chain of entities that are “controlled” within the foregoing meaning; provided that prior to Closing, but not thereafter, the Company will be an Affiliate of the Sellers and not of the Purchaser and, after Closing, but not prior thereto, the Company will be an Affiliate of the Purchaser and not of the Sellers.

“**Agreement**” means this document, together with the Schedules attached hereto and made a part hereof, all as amended, supplemented or modified from time to time in accordance with the provisions hereof;

“**Applicable Law**” means, in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any Governmental Body by which such Person is bound or having application to the transaction or event in question;

“**Base Working Capital**” means \$2,500,000;

“**Business**” has the meaning set out in Section 3.11;

“**Business Day**” means any day, other than a Saturday, a Sunday or a day when Schedule 1 Chartered Banks are not open for business in Calgary, Alberta;

“**Caribou**” means Caribou Camp Services Ltd.;

“**Change of Control Tax Return**” means the income tax return of the Company to be filed for the period ending as of the Closing Date;

“**Claim**” has the meaning set out in Section 8.4;

“**Closing**” means closing of the purchase and sale of the Company Shares transaction contemplated hereby;

“**Closing Date**” means September ____;

“**Closing Balance Sheet**” has the meaning set out in Section 2.4(a);

“**Company**” means Shanco Camp Services Ltd., a corporation incorporated pursuant to the ABCA;

“**Company Shares**” means 100 Shares in the capital of the Company;

“**Contract**” means any agreement, indenture, contract, lease, deed of trust, licence, option instrument or other commitment or undertaking, whether written or oral;

“**Debt**” means, with respect to a Person at a time, all of its indebtedness for borrowed money at such time; all obligations of such Person in respect of bonds, debentures, notes or similar instruments; the capitalized amount of leases or other arrangements relating to property which, in accordance with GAAP, should be accounted for as a capital lease on a balance sheet of such Person at such time; and all obligations of such Person to pay the deferred purchase price of any property;

“**Direct Claim**” has the meaning set out in Section 8.4(a);

“**Effective Time**” means 12:01 a.m. on the Closing Date;

“**Employee Plans**” has the meaning set out in Section 3.33;

“**Employment Legislation**” means any and all Applicable Law relating to employment, including employment standards, workers’ compensation, employment insurance, pension, occupational health and safety, and employment equity;

“**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, adverse claim, exception, reservation, easement, right of occupation, right of way, restrictive covenant, any matter capable of registration against title, option, right of pre-emption, privilege or any Contract to create any of the foregoing;

“**Environmental Laws**” has the meaning set out in Section 3.32(a);

“**Environmental Permits**” has the meaning set out in Section 3.32(b);

“**Estimated Remediation Amount**” has the meaning ascribed thereto in Section 6.4;

“**ETA**” means the *Excise Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

“**Final Closing Statements**” has the meaning set out in Section 2.4(b);

“**Final Net Working Capital**” means the current assets less the current liabilities of the Company on a consolidated basis prepared in accordance with GAAP on a basis consistent with prior periods, all as determined pursuant to the Closing Balance Sheet;

“**Financial Statements**” means, collectively, the audited financial statements of the Company as at and for the financial years ended October 31, 2005, 2004 and 2003, copies of which are annexed hereto as Schedule 1.1(b), and the Interim Financial Statements;

“**GAAP**” means generally accepted accounting principles recognized in Canada, including those approved from time to time by the Canadian Institute of Chartered Accountants or any successor body thereto;

“**Governmental Body**” means any (a) federal, provincial, state, municipal, local or other governmental body (whether administrative, legislative, executive or otherwise, both domestic and foreign) (b) governmental or quasi-governmental authority of any nature, including any governmental ministry, agency, branch, department, commission, board, tribunal, bureau, instrumentality (whether domestic or foreign), and (c) body exercising or entitled to exercise any administrative, executive, judicial, legislative, regulatory or Taxing authority or power of any nature of or pertaining to government;

“**GST**” means any and all taxes payable under Part IX of the ETA or under any provincial or territorial legislation similar to Part IX of the ETA;

“**Hazardous Substances**” has the meaning set out in Section 3.32(a);

“**Holdback Amount**” means \$2,000,000;

“**Indemnified Party**” has the meaning set out in Section 8.4(a);

“**Indemnifying Party**” has the meaning set out in Section 8.4(a);

“**Initial Closing Statements**” has the meaning set out in Section 2.4(a);

“**Intellectual Property**” means all trade marks, trade names, business names, patents, inventions, patent rights, patent applications (including any reissues, divisions, continuations, continuations in part and extensions of any patents or patent applications) know-how, copyrights, service marks, brand names, industrial designs, technical processes, designs, engineering specifications, trade secrets and all other industrial or intellectual property owned or licensed by the Company in carrying on the Business, and all applications therefor and all goodwill in connection therewith, including all licenses, registered user agreements and all like rights used by or granted to the Company in connection with the Business, including all registrations and applications for registration listed in Schedule 3.18;

“**Interim Financial Statements**” means the management prepared unaudited financial statements of the Company as at and for the six month period ended April 30, 2006 attached as Schedule 1.1(a)

“**Labour Board**” means the labour relations authority designated with authority over the Company and the Employees according to Applicable Law;

“**Leased Real Property**” has the meaning set out in Section 3.13;

“**Leases**” has the meaning set out in Section 3.15;

“**Legacy**” means Legacy Industrial Camps Inc., a corporation incorporated pursuant to the laws of the Province of Alberta;

“**Legacy Sale Agreement**” means the agreement of the same date as this Agreement whereby the shareholders of Legacy sell all of their shares in Legacy to Purchaser;

“**Legal Requirements**” has the meaning set out in Section 3.22;

“**Licences**” has the meaning set out in Section 3.22;

“**Losses**” means all claims, demands, proceedings, fines, losses, damages, liabilities, deficiencies, costs and expenses (including all legal (on a solicitor and its own client basis) and other professional fees and disbursements, interest, penalties, judgments and amounts paid in settlements, satisfactions or other compromises) arising directly or indirectly as a consequence of such matter after taking into account any Tax impact on the Party suffering the Loss;

“**Ma-M Way**” Ma-M Way Shanco Camp Corp.;

“**Material Contract**” means, in relation to any Person, any material agreement, undertaking or other commitment to which that Person is a party or by which that Person is bound, including:

- (a) any employment or consulting agreement, contract or commitment with an employee or individual consultant or salesperson, or consulting or sales agreement, contract, or commitment with a firm or other organization to provide employment related services to such Person;
- (b) any agreement or plan, including any stock option plan, stock appreciation rights plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement;

- (c) any fidelity or surety bond or completion bond or any indemnity or assumption agreement in respect of the obligations of a third Person;
- (d) any lease of personal property having a value in excess of \$100,000 and any lease for office premises or other real property;
- (e) any agreement, contract or commitment relating to capital expenditures and involving future payments in excess of \$100,000;
- (f) any confidentiality, non-competition, area of exclusion or non-solicitation agreement;
- (g) any agreement, contract or commitment relating to the disposition or acquisition of assets or any interest in any business enterprise outside the ordinary course of the Company's business;
- (h) non-arm's length transactions, including agreements with Affiliates of the Company or any of their Representatives which the Company will be bound by following the Closing Date;
- (i) any mortgage, indenture, guarantee, loan or credit agreement, security agreement or other agreement or instrument relating to the borrowing of money or extension of credit;
- (j) options, swaps, floors, caps, collars, forward sales or forward purchases involving commodities, commodity prices, indices, interest rates, foreign exchanges or other derivatives;
- (k) any purchase order or contract for the purchase of materials in excess of \$100,000;
- (l) any dealer, distribution, joint marketing or development agreement;
- (m) any sales representative, original equipment manufacturer, value added, re-marketer, reseller, or independent software vendor, or other agreement for use or distribution of the Company's products, technology or services; or
- (n) any other agreement, contract or commitment that (i) involves (A) \$100,000 or more and is not cancellable without penalty within 30 days, (B) minimum purchase commitments by the Company, or (C) ongoing service or support obligations and that are not cancellable without penalty or refund within 30 days, or (ii) imposes any obligation on the Purchaser or any of its Affiliates (other than the Company after Closing) as a result of the completion of the transactions contemplated herein.

"Negative Adjustment Amount" means the amount resulting from the Base Working Capital minus the Final Net Working Capital where the Base Working Capital is greater than the Final Net Working Capital as set forth in the Final Closing Statements;

"Owned Real Property" has the meaning set out in Section 3.13

"Parties" means the parties to this Agreement, each of whom is a **"Party"**;

"Permitted Encumbrances" means:

- (a) Encumbrances for Taxes, assessments and governmental charges due, which are being contested in good faith and diligently by appropriate proceedings and in respect of which adequate provision for the related monetary obligation has been made in the Financial Statements;

- (i) in respect of real property, servitudes, easements, restrictions, rights-of-way and other similar rights or any interest therein, provided the same are not of such nature as to materially adversely affect the use or value of the property subject thereto;
- (ii) inchoate liens claimed or held by any Governmental Body in respect of the payment of Taxes or utilities not yet due and payable;
- (iii) in respect of real property, the reservations in any original grants from the Crown of any real property or interest therein which do not materially detract from the value of the real property concerned or materially impair its use in the operation of the Business; and
- (iv) the Encumbrances described in Schedule I.1(c);

“**Person**” or “**Persons**” means an individual, a corporation, a limited liability company, an unlimited liability company, a partnership, an association, a trust or other entity or organization, including any Governmental Body;

“**Phase II Costs**” means those costs identified in the Phase II Environmental Assessment which costs are required to remediate the Owned Real Property and the Leased Real Property in order for the Company to comply with Applicable Environmental Legislation;

“**Phase II Environmental Assessments**” have the meaning ascribed thereto in Section 6.4 hereof;

“**Phase II Payment Amount**” has the meaning ascribed thereto in Section 6.4 hereof;

“**Positive Adjustment Amount**” means the amount resulting from the Final Net Working Capital minus the Base Working Capital where the Final Net Working Capital is greater than the Base Working Capital as set forth in the Final Closing Statements;

“**Prime Rate**” means the variable rate of interest per annum announced from time to time by the Royal Bank of Canada as the reference rate used by such bank in respect of commercial loans made by such bank and known as such bank’s “prime rate”;

“**Purchase Price**” has the meaning set out in Section 2.2;

“**Rateable Proportion**” means, with respect to each Seller, their respective proportion of Company Shares held immediately prior to the Closing Date;

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

“**Shareholder Loans**” means any Debt owing by the Company to any of the Sellers;

“**Subsidiaries**” means those Persons set out in Part II of Schedule 3.8;

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder;

“**Taxes**” means any domestic or foreign federal, provincial, territorial, state or local income, goods and services, value added, corporation, land transfer, licence, payroll, excise, sales, use, capital, withholding, franchise, property or other tax, levy, duty, assessment, reassessment or other charges of any kind whatsoever, whether direct or indirect, including any interest or penalty on any of the foregoing, whether

disputed or not, and includes Canada Pension Plan premiums and employment insurance premiums and premiums for like plans in other jurisdictions where Business is conducted;

“**Tax Returns**” includes all returns, reports, declarations, designations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Applicable Law in respect of Taxes;

“**Technology**” means all computer software, operating systems, browsers, user interfaces, servers, hardware or other technology or related information all of which are developed, licensed or owned by the Company.

“**Third Party**” has the meaning set out in Section 8.6;

“**Third Party Debt**” means any Debt of the Company other than Shareholder Loans;

“**Third Party Claim**” has the meaning set out in Section 8.4;

“**Threshold Amount**” has the meaning set out in Section 8.3;

“**Time of Closing**” means 8:30 a.m. (Calgary time) on the Closing Date;

1.2 Currency.

Unless otherwise indicated, all dollar amounts referred to in this Agreement are expressed in Canadian funds.

1.3 Sections and Headings.

The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement. Unless otherwise indicated, any reference in this Agreement to a Section, subsection, clause or a Schedule refers to the specified Section, subsection or clause of or Schedule to this Agreement.

1.4 Number, Gender and Persons.

In this Agreement, words importing the singular number also shall include the plural and vice versa, words importing gender shall include all genders and words importing persons shall include Persons.

1.5 Meaning of “Including” and “Knowledge”.

- (a) The term “including” means including without limitation.
- (b) Where in this Agreement, or in any certificate or document delivered in connection herewith or to effect any of the transactions contemplated hereby, any statement, representation or warranty is made as to, or as being based on, the awareness, knowledge, information or belief of the Sellers or the Company, such awareness, knowledge, information or belief, as applicable, is limited to the actual knowledge of the officers of the Sellers and the Company, after making reasonably due inquiry.

1.6 Entire Agreement.

This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as herein provided.

1.7 Time of Essence.

Time is of the essence of this Agreement.

1.8 Applicable Law.

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the Parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein, and each Party hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of such province and all courts competent to hear appeals therefrom.

1.9 Severability.

If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination shall not impair or affect the validity, legality or enforceability of the remaining provisions hereof, and each provision is hereby declared to be separate, severable and distinct.

1.10 Amendment and Waivers.

No amendment or waiver of any provision of this Agreement shall be binding on any Party unless consented to in writing by such Party. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver constitute a continuing waiver unless otherwise expressly provided.

1.11 Schedules.

The following Schedules are attached to and form part of this Agreement:

Schedule 1.1(a)	-	Interim Financial Statements
Schedule 1.1(b)	-	October 31, 2005, 2004 and 2003 Financial Statements
Schedule 1.1(c)	-	Permitted Encumbrances
Schedule 2.2	-	Sellers Ownership of Company Shares
Schedule 3.6	-	Required Consents
Schedule 3.8	-	Organization of Company
Schedule 3.13	-	Owned and Leased Real Property
Schedule 3.14	-	Exceptions with Respect to Real Property
Schedule 3.15	-	Status of Leased Real Property Agreement
Schedule 3.17	-	Accounts Receivable
Schedule 3.18	-	Intellectual Property and Technology
Schedule 3.19	-	Insurance Policies
Schedule 3.21	-	Material Contracts
Schedule 3.22	-	Licences and Permits
Schedule 3.25	-	Filing and Audits
Schedule 3.26	-	Litigation

Schedule 3.28	-	Bank Accounts and Attorneys
Schedule 3.29	-	Directors and Officers
Schedule 3.31	-	Outstanding Shareholder Loans
Schedule 3.32	-	Environmental Notices, Orders and Directions
Schedule 3.33	-	Employee Plans
Schedule 3.34	-	Employment Agreements
Schedule 3.35	-	Absent Employees

If there is any conflict or inconsistency between a provision of the body of this Agreement and that of a Schedule, the provision of the body of this Agreement shall prevail.

ARTICLE 2 PURCHASE AND SALE OF COMPANY SHARES

2.1 Purchase and Sale of the Company Shares.

- (a) Subject to the terms and conditions hereof, at the Time of Closing, the Sellers shall sell, assign and transfer to the Purchaser and the Purchaser shall purchase from the Sellers all, but not less than all, of the Company Shares on the basis that such transactions shall be treated as an exempt take-over bid in accordance with applicable securities laws.
- (b) The parties acknowledge and agree that it shall be a condition of the completion of the purchase and sale of the Company Shares that the sale of the Shares of Legacy to the Purchaser as contemplated in the Legacy Sale Agreement must be completed contemporaneously with the sale of the Company Shares.

2.2 Purchase Price.

- (a) The purchase price payable by Purchaser to the Sellers for the Company Shares shall consist of an aggregate of:
 - (i) the issuance of a total of 4,763,077 common shares of Purchaser; and
 - (ii) cash in the amount of \$61,920,000, less the aggregate amount of any Third Party Debt and any Shareholder Loans (which are outstanding on the Closing Date);
 but further subject to any adjustments required by Section 2.3 hereof.
- (b) On the Closing Date Purchaser shall:
 - (i) issue to the Sellers (in their Rateable Proportion) a total of 4,763,077 common shares of Purchaser; and
 - (ii) shall make a cash payment of \$49,704,532 to the Sellers (in their Rateable Proportion) (being the amount equal to \$61,920,000 less the Holdback Amount of \$2,000,000, Third Party Debt of \$4,669,018 and Shareholder Loans of \$5,546,450) which cash payment shall be made to Miller Thomson in trust;
 all as more particularly set forth in Schedule 2.2 hereof;
- (c) The payment of the Holdback Amount will be dealt with pursuant to the provision of Section 2.5 hereof

2.3 Purchase Price Adjustment

The Purchase Price shall be increased by the Positive Adjustment Amount and decreased by the Negative Adjustment Amount as applicable. In addition, the Purchase Price shall be decreased by the amount of the Phase II Payment Amount that is payable by Sellers pursuant to the provisions of Section 6.4. Any adjustment which is required to be paid by the Purchaser shall be paid in cash. Any adjustment which is required to be paid by the Sellers shall be paid in their Rateable Proportion in cash up to the amount of the cash portion of the Purchase Price received by the Sellers.

2.4 Closing Financial Statements

- (a) As soon as is possible, but not later than 90 days following the Closing Date, the Purchaser shall take steps to ensure that Myers Norris Penny, Chartered Accountants prepare and deliver to the Purchaser and Sellers an unaudited balance sheet for the Company as at the Closing Date, prepared in accordance with GAAP on a basis consistent with the Financial Statements (the “**Closing Balance Sheet**”), together with a schedule setting out the Final Net Working Capital and a calculation of either the Positive Adjustment Amount or Negative Adjustment Amount as may be applicable (that schedule and the Closing Balance Sheet, collectively, the “**Initial Closing Statements**”). The Sellers and the Purchaser shall co-operate fully with each other in the preparation of the Initial Closing Statements.
- (b) Both the Purchaser and the Sellers (and not less than all of the Sellers) shall have ten (10) days from receipt of the Initial Closing Statements within which to review such Initial Closing Statements. The Purchaser and Sellers (and not less than all of the Sellers) may dispute any of the items in the Initial Closing Statements by written notice (an “**Objection Notice**”) to the Sellers (if the Purchaser is objecting) and to the Purchaser (if the Sellers are objecting). Upon receipt of such Objection Notice the receiving Party ((in the case of Purchaser) or Parties (in the case of Sellers)) shall review the Objection Notice and either fully accept, partially accept, or reject the position set forth in such Objection Notice within ten (10) days of receipt of such Objection Notice (the “**Reconsideration Period**”). The Parties shall have another ten (10) days after the end of the Reconsideration Period to come to an agreement on the Final Closing Statements. If the Parties have not reached agreement by that time, any items still outstanding arising from an Objection Notice shall be determined by Ernst & Young, Chartered Accountants (and if Ernst & Young cannot or will not determine such outstanding matters such other major chartered accounting firm with offices in Calgary, Alberta shall be agreed upon by the Parties to determine such outstanding matters arising from an Objection Notice). If the Parties cannot agree upon such other independent chartered accounting firm, such independent chartered accounting firm to so act shall be determined under the provisions of the *Arbitration Act* (Alberta). The chartered accounting firm who will ultimately determine the outstanding matters arising from an Objection Notice is hereinafter referred to as the “**Arbitrator**”. The decision of the Arbitrator with respect to the outstanding issue arising from an Objection Notice will be final and shall be binding on all Parties. If no Objection Notice is received, the Initial Closing Statements shall become the “**Final Closing Statements**”. If an Objection Notice is received within the ten (10) day period referred to above the agreement of the Parties or the determination of the Arbitrator, as the case may be, shall be incorporated into the Initial Closing Statements which shall then become the Final Closing Statements.
- (c) Within fourteen (14) days of the establishment of the Final Closing Statements as set forth in Section 2.4(b) above and subject to Section 2.5, the Purchaser shall pay the Sellers (in the appropriate proportionate amounts) the Positive Adjustment Amount, if

applicable, or the Sellers shall pay the Purchaser the Negative Adjustment Amount, if applicable.

2.5 Payment of Holdback Amount

The Holdback Amount shall be held by Purchaser until the latest of (i) the date the Phase I Environmental Assessments are delivered to Purchaser in accordance with Section 6.4 and such Phase I Environmental Assessments do not indicate the need for any Phase II Environmental Assessments; (ii) if the Phase I Environmental Assessments delivered to the Purchaser in accordance with Section 6.4 indicate the requirement of Phase II Environmental Assessments, the date the Estimated Remediation Amount is determined; and (iii) the Final Closing Statements are established in accordance with Section 2.4(b). Within 14 days of that latest time:

- (a) If there is a Positive Adjustment Amount and there is no Phase II Payment Amount the whole of the Holdback Amount and the Positive Adjustment Amount shall be paid to the Sellers in the appropriate Rateable Proportion (and any portion of the Holdback Amount or other amount payable by Purchaser to Sellers in the remainder of this Section 2.5 shall be paid in the said Rateable Proportion);
- (b) If there is a Positive Adjustment Amount and there is a Phase II Payment Amount, the Positive Adjustment Amount and only that portion of the Holdback Amount which is greater than the Phase II Payment Amount shall be paid to the Sellers;
- (c) If there is a Negative Adjustment Amount which is less than the Holdback Amount and there is no Phase II Payment Amount that portion of the Holdback Amount which is equal to the Negative Adjustment Amount shall be retained by Purchaser as payment for the Negative Adjustment Amount and the difference between the Holdback Amount and the Negative Adjustment Amount shall be paid by the Purchaser to the Sellers;
- (d) If there is a Negative Adjustment Amount which is greater than the Holdback Amount, and there is no Phase II Payment Amount, the total amount of the Holdback Amount shall be retained by Purchaser as partial payment of the Negative Adjustment Amount and Sellers shall forthwith pay to Purchaser the difference between the Negative Adjustment Amount and the Holdback Amount;
- (e) If there is a Negative Adjustment Amount and a Phase II Payment Amount, which together are greater than the Holdback Amount, the total amount of the Holdback Amount shall be retained by Purchaser, and Sellers shall forthwith pay to Purchaser the amount equal to the aggregate of the Negative Adjustment Amount and the Phase II Payment Amount less the Holdback Amount; and
- (f) If there is a Negative Adjustment Amount and a Phase II Payment Amount which together are less than the Holdback Amount, the amount equal to the aggregate of the Negative Adjustment Amount and the Phase II Payment Amount shall be retained by the Purchaser and the difference between that amount and the Holdback Amount shall be paid by the Purchaser to the Seller.

2.6 Interest Accrues On Amounts Owning.

Any amount owing to a Party by any other Party pursuant to any provision of this Agreement after Closing and remaining unpaid for more than thirty (30) days after payment therein is required to be paid pursuant hereto shall bear interest calculated daily and compounded monthly, from the day such amount was due to be paid until the day such amount is paid, at the Prime Rate plus 1% regardless of whether such Party has given the other Party prior notice of the accrual of interest hereunder.

2.7 Section 85 Elections

The parties intend that Section 85 of the Tax Act apply to the purchase of the Company Shares and therefore agree as follows:

- (a) the Purchaser shall make a joint election with the Sellers pursuant to the provisions of Section 85 of the Tax Act to effect the sale in a manner which, to the extent possible, ensures that the Sellers' proceeds of disposition of the Company Shares and the Purchaser's cost amount of the Company Shares is the elected amount selected by the Sellers and set out in the Sellers' election forms;
- (b) the Purchaser and the Sellers agree to execute and file the prescribed T2057 election forms and any other documents required pursuant to Section 85 of the Tax Act (the "**Election Forms**"), however it shall be the responsibility of each Seller to prepare their respective Election Forms and to provide such correctly completed and executed Election Forms to the Purchaser within a time that is sufficient to allow Purchaser to execute and file such with the Canada Revenue Agency prior to the filing deadline for such Election Forms;
- (c) the Purchase Price is the best estimate of the fair market value of the Company Shares as agreed by the Purchaser and the Sellers;
- (d) in the event that any taxing authority having jurisdiction makes or proposes to make any assessment or reassessment determining that the cost to the Sellers of the Company Shares is greater or less than the amount set out in the Sellers' Election Forms, the elected amount for the Sellers' Shares will be retroactively increased or decreased, as applicable, by the amount by which the aggregate cost amount of the Company Shares are increased or decreased as a result of such final determination. Any such re-determination will be deemed to be final if it is pursuant to an assessment or reassessment by any taxing authority having jurisdiction and no appeal is taken therefrom; if agreement is reached among the Sellers, the Purchaser and such taxing authority regarding such actual or proposed assessment or reassessment; or if determined by a judgment by a court of competent jurisdiction, which judgment is not appealed; and
- (e) all costs associated with a reassessment by Canada Revenue Agency involving the Election Forms pertaining to a particular Seller will be borne by such Seller.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE SELLERS

With respect to Sections 3.1 to and including 3.7 each of the Sellers severally warrants, with respect only to the particular Seller and the Company Shares that such particular Seller holds, and, with respect to Section 3.8 to and including 3.38, the Sellers jointly and severally represent and warrant to the Purchaser and acknowledge that, in each case, the Purchaser is relying on such representations and warranties in connection with its purchase of the Company Shares and that such reliance by the Purchaser shall not be construed to be lessened or mitigated by any due diligence investigation that may be conducted by the Purchaser.

In addition to the foregoing it is acknowledged and agreed that Kenneth Francis is making the same representations and warranties as are being made by 698819 Alberta Ltd., Shane Stampe is making the same representations and warranties as are being made by 755983 Alberta Ltd. and Douglas Cann is making the same representations and warranties as are being made by 755982 Alberta Ltd. and those individuals shall be jointly and severally liable with those respective Sellers arising from such representations and warranties.

3.1 Organization of Sellers.

Each of the Sellers is validly existing under the laws of Alberta and has the corporate power to own or lease its property, to own its Company Shares, to enter into this Agreement and to perform its obligations hereunder.

3.2 Authorization and Enforceability.

This Agreement has been duly authorized, executed and delivered by each of the Sellers and is a legal, valid and binding obligation of each of the Sellers, enforceable against each of the Sellers by the Purchaser in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

3.3 The Company Shares.

Each of the Sellers is the beneficial owner of record of the Company Shares, as set forth in Schedule 2.2 hereof, with a good and marketable title thereto, free and clear of all Encumbrances. None of the Company Shares is subject to any voting trust, shareholder agreement or voting agreement. Upon completion of the transactions contemplated by this Agreement, all of the Company Shares will be owned by the Purchaser as the beneficial owner of record, with a good and marketable title thereto, free and clear of all Encumbrances.

3.4 No Other Agreements to Purchase.

No person other than the Purchaser has any written or oral 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 or acquisition from the Sellers of any of the Company Shares.

3.5 No Violation by Sellers.

Neither the sale of the Company Shares nor the entering into or performance of this Agreement will violate, contravene, breach or offend, or result in any default or acceleration of any obligation, or give rise to any Encumbrance in favour of third parties on assets of each of the Sellers, under any provision of the constating documents, by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of each of the respective Sellers, or any agreement, indenture, order, undertaking, licence, Applicable Law or judgment to which each of the respective Sellers is a party or by which each of the respective Sellers or its assets may be bound. Without limiting the generality of the foregoing, no licences, agreements or other material instruments to which each of the respective Sellers is a party or is bound may be modified or terminated, or by their terms require the approval of, making of a filing with or giving of notice to, any third party, in connection with the entering into of this Agreement or the consummation of the transactions contemplated hereby.

3.6 Consents and Approvals.

No consent, approval, order or authorization of, registration, declaration or filing with, or permit from, any third party persons or Governmental Body is required by or with respect to each of the respective Sellers or the Company in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

3.7 Residency.

Each of the respective Sellers is not at the date hereof nor will be at the Time of Closing a non-resident of Canada for the purposes of the Tax Act.

3.8 Organization of the Company.

The Company is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and has the corporate power to own or lease its property, and to carry on the Business as now being conducted by it. The Company is duly qualified as a corporation to do business in those jurisdictions listed in Part I of Schedule 3.8 and also does business in Saskatchewan, Northwest Territories and Nunavut, but is not currently extra-provincially registered there. The Company has no subsidiaries or investments in Persons other than the corporations listed in Part II of Schedule 3.8 and the Company holds shares in those corporations as set forth in Part II of Schedule 3.8. The authorized share capital of the Company consists of an unlimited number of Class A common voting shares, an unlimited number of Class B Common non-voting shares, an unlimited number of Class C preferred non-voting shares and an unlimited number of Class D preferred non-voting shares, of which only 100 Class A common shares are issued and outstanding, which are fully paid and non-assessable.

3.9 No Violation by the Company.

Neither the sale of the Company Shares nor the entering into or performance of this Agreement will contravene, breach or offend, or result in any default or acceleration of, any obligation, or give rise to any Encumbrance in favour of third parties on the Company Shares or the assets of the Company under any provision of the constating documents, by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Company or any agreement, indenture, order, undertaking, license, authorization, Applicable Law or judgment to which the Company is a party or by which it is bound. Other than as disclosed in Schedule 3.9, no Licenses, agreements or other material instruments to which the Company is a party or by which it is bound may be modified or terminated, or by their terms require the approval of, making a filing with, or giving notice to, any third party in connection with the entering into of this Agreement or the consummation of the transactions contemplated hereby.

3.10 No Options.

No Person has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any unissued shares or other securities of the Company.

3.11 Business of the Company.

The only business activities carried on by the Company involves the manufacture, leasing, sale and service of commercial camp units (the "**Business**"). Since October 31, 2005, there has not been any significant interruption (being an interruption of more than one day) of operations of the Business due to inadequate maintenance of any of the property and assets owned or used by the Company. All the tangible assets of the Company are situated at the locations set out in Schedule 3.13, other than those assets engaged in, or in transit for the engagement in, the provision of the aforementioned services (in which case the assets are at, or in transit to, the work-sites of customers of the Company), assets under the control of employees of the Company in the ordinary course of business and assets currently out for repair. The Business as currently conducted is the business that was conducted by the Company for the six month period ended April 30, 2006 and the tangible assets currently owned by the Company are generally the tangible assets used to carry on the business of the Company during such six month period.

3.12 Title to Personal and Other Property.

The property and assets of the Company (other than the Owned Real Property and the Leased Real Property) are owned legally and beneficially by the Company with a good and marketable title thereto, free and clear of all Encumbrances other than Permitted Encumbrances. The Company does not

have legal title to, or hold as custodian, any assets, shares or other securities for the benefit of a third party.

3.13 Location of Owned Real Property and Leased Real Property.

Schedule 3.13 sets forth the municipal addresses of all the real property owned (the “**Owned Real Property**”) or leased (the “**Leased Real Property**”) by the Company and, in the case of Owned Real Property, all indebtedness secured against it. Except as set forth in Schedule 3.13, the Company does not own or lease and has not agreed to acquire or lease any real property or interest in real property other than the Owned Real Property and the Leased Real Property.

3.14 Title to Owned Real Property and Use of Leased Real Property.

- (a) The Company has the exclusive right to possess, use and occupy, and has good and marketable title in fee simple to, all the Owned Real Property, free and clear of all Encumbrances or other restrictions of any kind other than Permitted Encumbrances. Except as set forth in Schedule 3.14, all buildings, structures, improvements and appurtenances situated on the Owned Real Property or the Leased Real Property and the equipment of the Company are in operating condition and in a state of good maintenance and repair and are adequate and suitable for the purposes for which they are currently being used and the Company has adequate rights of ingress and egress for the operation of the Business in the ordinary course. None of the buildings, structures, improvements or appurtenances (or any equipment therein) on any Owned Real Property, violates any restrictive covenant or encroaches on any property owned by others.
- (b) There is no action, proceeding, suit or investigation being prosecuted or, to the Sellers’ knowledge, pending in any court or by or before any Governmental Body affecting the Owned Real Property and/or Leased Real Property or the ownership, operation, use or condition of the Owned Real Property and/or Leased Real Property which has resulted or which might result in a change in the present condition of the Owned Real Property and/or Leased Real Property, limit the use of the Owned Real Property and/or Leased Real Property and, to the Sellers’ knowledge, no such action, suit, proceeding or investigation is contemplated or threatened, including, but not limited to, any pending, contemplated or threatened action, suit, proceeding or investigation with regard to the condemnation, eminent domain or offers of just compensation by or on behalf of any Governmental Body having the power of eminent domain;
- (c) None of the Sellers have information or knowledge of any judicial or administrative action, or any action by adjacent or neighbouring landowners upon the Owned Real Property and/or Leased Real Property, which would have a material adverse effect upon the Owned Real Property and/or Leased Real Property, its use or value;

3.15 Real Property Leases.

The Company is not a party to any lease or agreement in the nature of a lease in respect of any real property, whether as lessor or lessee, other than the leases (the “**Leases**”) described in Schedule 3.13 relating to the Leased Real Property. Schedule 3.13 sets out the parties to each of the Leases, their commencement and expiry dates, any options to renew, the locations of the leased lands and premises and the rent payable thereunder. The Company occupies the Leased Real Property and has the exclusive right to occupy and use the Leased Real Property. Except as set forth in Schedule 3.15, each of the Leases is in good standing and in full force and effect without amendment thereto, and the Company is not nor, to the knowledge of the Sellers, are any of the landlords under the Leases, in breach of any covenants, conditions or obligations contained therein. The Sellers have provided a true copy of each Lease (including all amendments and other modifications thereto) to the Purchaser.

3.16 Inventories and Equipment.

- (a) The inventories of the Company do not include any material items which are obsolete, below standard quality or of a quality or quantity not useable or saleable in the normal course of business, the value of which has not been written down on its books of account to net realizable value, all on a basis consistent with prior periods. For the purposes of this Section 3.16, "material" means having an aggregate net book value in excess of \$50,000. The inventory levels of the Company have been maintained at such amounts as are required for the operation of the Business as previously conducted and as currently conducted, and such inventory levels are adequate therefor.
- (b) The equipment of the Company does not include any material items which are obsolete, below standard quality or of a quality or quantity not useable or saleable in the normal course of business, the value of which has not been written down on its books of account to net realizable value, all on a basis consistent with prior periods.

3.17 Accounts Receivable.

Except as set forth in Schedule 3.17, all accounts receivable, book debts and other debts due or accruing to the Company are *bona fide* and good and, subject to an allowance for doubtful accounts which have been reflected on the books of the Company in accordance with GAAP on a basis consistent with prior periods, collectible without set-off or counterclaim or any reduction for any credit or allowance made or given.

3.18 Intellectual Property and Technology.

- (a) Attached hereto as Schedule 3.18 is a list of all of the Company's Intellectual Property. Except as disclosed in Schedule 3.18, all the registrations and applications for registration of Intellectual Property are valid and subsisting and in good standing and are recorded in the name of the Company. The Sellers have also provided to the Purchaser a true and complete copy of all Contracts and amendments thereto which comprise or relate to the Intellectual Property.
- (b) The Intellectual Property set forth in Schedule 3.18 comprises all intellectual property necessary to conduct the Business as currently conducted except for know-how and goodwill which resides within the Company. Except as set forth in Schedule 3.18, the Company is the beneficial owner of, or has a valid and subsisting license to use without the payment of any royalty or fee, the Intellectual Property, free and clear of all Encumbrances, and is not a party to or bound by any Contract or other obligation whatsoever that limits or impairs its ability to sell, transfer, assign or convey the Intellectual Property. The Sellers are not aware of any state of facts which casts doubt on the validity or enforceability of any of the Intellectual Property. The Company has not granted to any Person any interest in or right to use all or any portion of the Intellectual Property.
- (c) The Sellers are not aware of any infringement or breach or a claim of any infringement or breach of any intellectual property rights of any other Person by the Company nor have the Sellers or the Company received any notice that the conduct of the Business, including the use of the Intellectual Property, infringes upon or breaches any intellectual property rights of any other Person, domestic or foreign, and none of the Sellers or the Company, have any knowledge of any infringement or violation of any of the rights of the Company in the Intellectual Property. No Person has challenged the rights of the Company in the Intellectual Property.

3.19 Insurance.

Except for deductible amounts as set forth in Schedule 3.19, the Company has its property and assets insured against loss or damage by insurable hazards or risks all as considered reasonable by the Company some of which is on a replacement cost basis and such insurance coverage is and will be continued in full force and effect to and including the Time of Closing. Schedule 3.19 is a list of all insurance policies maintained by the Company or the Sellers on, or covering, the property and assets or personnel of the Company as of the date hereof (specifying insurer, amount of coverage, type of insurance, policy numbers and any pending claims thereunder). The Company is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion. The Sellers have provided to the Purchaser an insurance certificate describing each insurance policy referred to in Schedule 3.19. Schedule 3.19 sets out a complete and accurate list and description of all claims made under each insurance policy listed therein for 5 years preceding the date hereof.

3.20 No Expropriation.

No property or asset of the Company has, in the last two (2) years, been taken or expropriated by any Governmental Body, nor has any notice or proceeding in respect thereof been given or commenced nor are the Sellers or the Company aware of any intent or proposal to give any such notice or commence any such proceeding.

3.21 Agreements and Commitments.

Except as described on Schedule 3.21, the Company is not a party to or bound by any Material Contract. The Company is not in material violation of or in material default under (nor does there exist any condition which with the passage of time or the giving of notice or both would cause such a material violation of or material default under) any Material Contract to which it is a party or by which it or any of its properties or assets are bound. Each Material Contract is in full force and effect, and is a legal, valid and binding obligation of the Company enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws relating to creditor's rights and general principles of equity. No condition exists, or event has occurred, which (whether with or without notice or lapse of time or both) would constitute a material default by the Company under any Material Contract or result in a right of termination of any Material Contract. No claimed and unpaid indemnification obligations exist for which the Company is or could be liable under any Material Contract and none of the Sellers or the Company has any knowledge of facts or events which could reasonably be expected to result in a claim for indemnification against the Company under any Material Contract. The Sellers have provided to the Purchaser a true and complete copy, including all amendments thereto, of each Contract listed or described in the Schedules listed in the introductory sentence to this section. Except as expressly set forth in the Schedule listed in the introductory sentence to this section, there are (i) no audits which have been commenced by any party to a Material Contract which have not concluded as of the date hereof, (ii) no outstanding or unresolved disputes under any audits commenced by a party to a Material Contract, and (iii) no outstanding claims under any audits which have been carried out by a party to a Material Contract. No material adjustment will be made to the consideration paid or payable under any Material Contract as a result of an audit commencing after the Closing Date in respect of services rendered by the Company in any period prior to the Closing Date.

3.22 Compliance with Laws; Licences.

The Company has complied with all Applicable Law applicable to the Business or the Company (collectively, "**Legal Requirements**") except to the extent that failure to comply would not have a material adverse effect on the Company or the Business. No event has occurred and no circumstance exists that may constitute or result in (with or without notice or lapse of time) a violation of or a failure to comply with any Legal Requirements, and none of the Sellers or the Company have received any notice

or other communication (whether oral or written) from any Governmental Body regarding any actual, alleged, possible or potential violation of, or failure to comply with any Legal Requirement. Schedule 3.22 lists all licences, permits, approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise but excluding licences within the subject matter of Schedule 3.18) (the “**Licences**”) held by or granted to the Company and there are no other licences, permits, approvals, consents, certificates, registrations or authorizations necessary to carry on the Business as currently conducted or to own or lease any of the property or assets utilized by the Company as such property or assets are currently owned, leased or utilized. Each Licence is valid, subsisting and in good standing and the Company is not in default or breach of any Licence and none of the Sellers or the Company are aware of any pending or threatened proceeding to revoke or limit any Licence or of any circumstance that may reasonably result in such a revocation or limitation. The Sellers have provided a true and complete copy of each Licence and all amendments thereto to the Purchaser.

3.23 Financial Statements; Absence of Liabilities.

The Financial Statements have been prepared in accordance with GAAP, applied on a basis consistent with prior periods with the exception that such statements will not incorporate the principles of Differential Reporting and as such, are correct and complete in all material respects and present fairly the assets, liabilities and financial condition of the Company on a consolidated basis as at their respective dates and the sales, earnings and results of operations of the Company on a consolidated basis for the periods covered by the respective Financial Statements. However, with respect to inventory and equipment, materiality is defined as per Section 3.16. The Company has no liabilities that are not reflected on the Financial Statements other than liabilities incurred after October 31, 2005 in the ordinary course of business consistent with past practice of the same type as liabilities reflected in the Financial Statements.

3.24 Full Disclosure; Absence of Change.

Neither this Agreement nor any document to be delivered pursuant to this Agreement by the Sellers or the Company nor any certificate, report, statement or other document furnished by the Sellers or the Company in connection with the negotiation of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading. From October 31, 2005 to the Closing Time, the Company has carried on the Business and conducted its operations and affairs only in the ordinary and normal course consistent with past practice and there has not been:

- (a) any material adverse change in the condition (financial or otherwise), assets, liabilities, operations, earnings, business or prospects of the Company on a consolidated basis;
- (b) any material damage, destruction or loss (whether or not covered by insurance) affecting the property or assets of the Company on a consolidated basis;
- (c) any material obligation or liability (whether absolute, accrued, contingent or otherwise, and whether due or to become due) incurred by the Company other than those incurred in the ordinary and normal course of business and consistent with past practice;
- (d) any payment, discharge or satisfaction of any Encumbrance, liability or obligation of the Company (whether absolute, accrued, contingent or otherwise, and whether due or to become due) other than payment of accounts payable and Tax liabilities incurred in the ordinary course of business consistent with past practice;
- (e) any issuance or sale by the Company, or any Contract entered into by the Company, for the issuance or sale by the Company, of any shares in the capital of or securities convertible into or exercisable for shares in the capital of the Company;

- (f) any labour trouble adversely affecting the Company;
- (g) any licence, sale, assignment, transfer, disposition, pledge, mortgage or granting of a security interest or other Encumbrance on or over any property or assets of the Company, other than sales of inventory to customers in the ordinary and normal course of the Business;
- (h) any entry into, termination of, or receipt of notice of termination of any licence, distributorship, dealer, sales representative, joint venture, credit or similar agreement;
- (i) any cancellation of any debts or claims or any amendment, termination or waiver of any rights of value to the Company in amounts exceeding \$50,000;
- (j) any transfer or sale of assets, except the following:
 - (i) inventory; or
 - (ii) assets disposed of to third parties in the ordinary course of business for fair market value, the aggregate of which did not exceed \$100,000 of book value of such assets;
- (k) any increase in compensation to employees outside the ordinary course;
- (l) any change in accounting practices or policies with the exception that such statements will not incorporate the principles of Differential Reporting; or
- (m) the authorization of any of the foregoing.

3.25 Taxes.

- (a) Except as set forth in Schedule 3.25, the Company has duly and timely made or prepared or caused to be made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Body and has duly, completely and correctly reported, in all material respects, all income and all other amounts and information required to be reported thereon.
- (b) The Company has duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by it whether or not assessed by the appropriate Governmental Body and provision has been made in the Financial Statements or will be made in the Closing Statements for amounts at least equal to the amount of all Taxes which were owing by the Company, but which were not yet due and payable, as of the Closing Date and that relate to any period ending on or prior to the Closing Date.
- (c) Except as set forth in Schedule 3.25, there are no appeals, actions, audits, assessments, reassessments, suits, proceedings, investigations or claims now subsisting against or in respect of the Company or the business carried on by the Company in respect of Taxes.
- (d) There are no matters which are the subject of any agreement with any Governmental Body relating to claims for additional Taxes which affect the Company or any Subsidiary or the business carried on by it nor, to the knowledge of the Sellers, are any such matters under discussion with any such Governmental Body.

- (e) The Company has duly and timely collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Applicable Law to be collected by it and has duly and timely remitted to the appropriate Governmental Body any such amounts required by Applicable Law to be remitted by it.
- (f) None of Sections 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to the Company at any time up to and including the Closing Time.
- (g) No transactions have been entered into by the Company which could result in an application of the provisions of Sections 17 or 78 of the Tax Act to the Company, other than an application which has been reflected on filed Tax Returns.
- (h) The Company has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under Section 160 of the Tax Act.
- (i) For all transactions between the Company and any non-resident person with whom the Company was not dealing at arm's length during a taxation year commencing after 1999 the Company has made or obtained records or documents that meet the requirements of Subsection 247(4)(1) of the Tax Act.
- (j) The Company has not had any obligation to file any Tax Return required to be made, prepared or filed under Applicable Law of any jurisdiction other than Canada and the provinces of Canada in respect of any Taxes, and the Company does not have any outstanding liability on account of any failure to comply with any such obligation.
- (k) There are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessments or reassessment of any Tax or the filing of any Tax Returns, designations or similar filings related to Taxes by, or the payment of any Tax by, or levy of any governmental charge against the Company.
- (l) The Company has withheld from each payment made, or deemed to be made, by it the amount of all Taxes and other deductions required to be withheld therefrom and has paid all such amounts due and payable to the proper Governmental Body within the time prescribed under Applicable Law.
- (m) The liability for Taxes of the Company under the Tax Act, and any other Applicable Law has been assessed by the relevant Governmental Body in Canada for all taxation years to and including its taxation year ended on October 31, 2005.
- (n) Except as set forth in Schedule 3.25(n), neither the Company nor any Subsidiary has claimed any reserves under the Tax Act or any equivalent provincial or territorial statute for the taxation year ending October 31, 2005.

3.26 Litigation.

Except as described in Schedule 3.26, there are no actions, suits or proceedings (whether or not purportedly on behalf of the Company) pending or, to the knowledge of the Sellers or the Company, threatened against or affecting, the Company, their assets or the Business at law or in equity or before or by any Governmental Body, or by or before an arbitrator or arbitration board. None of the Sellers nor the Company is aware of any ground on which any action, suit or proceeding might be commenced with any

reasonable likelihood of success. None of the Sellers nor the Company is subject to any judgment, order or decree materially affecting the Company or any of its assets on a consolidated basis or the Business.

3.27 GST Registration.

The Company is a registrant for the purposes of the ETA and its registration number is [deleted text].

3.28 Bank Accounts and Attorneys.

Schedule 3.28 sets forth a true and complete list showing the name of each bank, trust company or similar institution in which the Company has accounts or safe deposit boxes, the number or designation of each such account and safety deposit box and the names of all Persons authorized to draw thereon or to have access thereto and showing the name of each Person holding a general or special power of attorney from the Company and a summary of the terms thereof.

3.29 Directors and Officers.

Schedule 3.29 sets forth the names and titles of all the officers and directors of the Company.

3.30 Dividends.

There are no unpaid dividends in respect of any dividends previously declared (if any) by the Company.

3.31 Non-Arm's Length Transactions.

Except as set forth in Schedule 3.31 as at the Closing Date, the Company has no loans outstanding with nor owes money to and the Company is not otherwise indebted to, any officer, director, employee, shareholder or any other person not dealing at arm's length with the Company (within the meaning of the Tax Act).

3.32 Environmental.

- (a) The Company, the Business, the Owned Real Property, the Leased Real Property and all operations thereon have been and are in material compliance with all Applicable Law relating to the protection of the environment, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, packaging, transport, handling, containment, clean-up or other remediation or corrective action of any pollutants, contaminants, chemicals, deleterious substances or industrial, toxic or hazardous wastes or substances ("**Hazardous Substances**") ("**Environmental Laws**").
- (b) The Company has all licences, permits, approvals, consents, certificates, registrations and other similar authorizations required under Environmental Laws (the "**Environmental Permits**") in connection with the Owned Real Property and the Leased Real Property for the operation of the Business, all of which are described in Schedule 3.22. Each Environmental Permit is valid, subsisting and in good standing, and the Company is not in default or breach of any Environmental Permit, and, to the Sellers' knowledge, no proceeding is pending or threatened and no grounds exist to revoke or limit any Environmental Permit.
- (c) The Company has not used or permitted to be used, except in compliance with all Environmental Laws, any of the Owned Real Property or the Leased Real Property to

generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance.

- (d) Except as set out in Schedule 3.32, no building, structure or improvement located on the Owned Real Property contains asbestos or PCBs.
- (e) No underground storage tanks are on the Owned Real Property.
- (f) Except as set out in Schedule 3.32, the Company has not ever received any notice of, or been prosecuted for, non-compliance with any Environmental Laws. Except as set out in Schedule 3.32, there are no notices, orders or directions relating to environmental matters requiring, or notifying the Sellers that the Company is or may be responsible for, any containment, clean-up, or other remediation or corrective action or any work, repairs, construction or capital expenditures to be made under Environmental Laws with respect to the Business or the Owned Real Property or the Leased Real Property. The Company has not received any written third party complaint or claim with respect to Hazardous Substances, environmental contamination, protection of the environment or protection of human health or safety with respect to its Business, the Owned Real Property or the Leased Real Property.
- (g) Except as set out in Schedule 3.32, none of the Sellers or the Company has caused or permitted, nor has there been any release, emission, spill or discharge, in any manner whatsoever, of any Hazardous Substance on, in, around, from or in connection with any of the Owned Real Property or the Leased Real Property or any such release on or from a facility owned or operated by any third party but with respect to which the Company is or may reasonably be alleged to have liability.
- (h) All Hazardous Substances and all other wastes and other materials and substances used in whole or in part by the Company, or resulting from the Business have been disposed of, treated and stored by the Company in compliance with all Environmental Laws.
- (i) The Sellers have delivered to the Purchaser true and complete copies of all environmental audits, evaluations, assessments, studies or tests relating to the Company, the Business, the Owned Real Property, the Leased Real Property and their use which are or with reasonable efforts could be within the possession or control of the Sellers.

3.33 Employee Plans.

Schedule 3.33 identifies each retirement, pension, bonus (including retention bonus), stock purchase, profit sharing, stock option, deferred compensation, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, employment benefits, vacation, incentive or other compensation plan or arrangement or other employee benefit which at the date hereof is maintained, or required to be contributed to, by the Company for the benefit of employees or former employees of the Company (the “**Employee Plans**”). With respect to each such Employee Plan, the Sellers have made available to the Purchaser a true and complete copy, to the extent they exist, of (i) the most recent plan documents and any amendments thereto. Each Employee Plan has been established and maintained in material compliance with its terms and with the requirements prescribed by any and all Applicable Law applicable to such Employee Plan. Except as described in Schedule 3.33:

- (a) all contributions to, and payments from, each Employee Plan which may have been required to be made in accordance with the terms of any such Employee Plan, or with the recommendation of the actuary for such Employee Plan, and, where applicable, the laws of the jurisdictions which govern such Employee Plan, have been made in a timely manner in accordance with the foregoing;

- (b) no promises or commitments have been made by the Company or the Sellers to amend any Employee Plan, to increase or decrease benefits thereunder or to establish any new Employee Plan, except as required by Applicable Law;
- (c) the Company does not maintain, contribute to or have an obligation to contribute to, or have any liability or potential liability with respect to any Employee Plan providing medical, health, or life insurance or other welfare-type benefits for current or future retired or terminated directors, officers or employees of the Company;
- (d) none of the Employee Plans is a “registered pension plan” within the meaning of subsection 248(1) of the Tax Act;
- (e) none of the Employee Plans provides benefits to retired employees or to the beneficiaries or dependants of retired employees;
- (f) all liabilities of the Company (whether accrued, absolute, contingent or otherwise) related to all Employee Plans have been fully and accurately accrued and disclosed in accordance with GAAP in the Financial Statements;
- (g) no Employee Plan, nor any related trust or other funding medium thereunder, is subject to any pending, threatened or anticipated investigation, examination or other proceeding, action or claim initiated by any Governmental Body by or on behalf of any of the Employee Plans, by any employee or beneficiary covered under any such Employee Plan, or otherwise involving any such Employee Plan or by any other party (other than routine claims for benefits), and there exists no state of facts which after notice or lapse of time or both could reasonably be expected to give rise to any such investigation, examination or other proceeding, action or claim; and
- (h) except as set forth in Schedule 3.33, the execution of this Agreement and the completion of the transactions contemplated hereby will not (either alone or in conjunction with any additional or subsequent events) constitute an event under any Employee Plan that will or may result in any payment (whether of severance pay or otherwise), acceleration of payment, vesting or distribution of benefits or compensation, forgiveness of indebtedness, restriction on funds, increase in benefits or obligation to fund benefits or compensation.

3.34 Employment Agreements, Collective Agreements.

Other than as set out in Schedule 3.34, the Company has not entered into any employment or consulting Contract or other Contract with any officer, employee or consultant that is not terminable on reasonable notice according to law or reasonable payment in lieu thereof without further liability to the Company. Other than as set out in Schedule 3.34, the Company has not made any Contract with any labour union or employee association or made commitments to or conducted negotiations with any labour union or employee association with respect to any future agreements and the Company is not aware of any current attempts to organize or establish any labour union or employee association with respect to any Employees of the Company nor is there any certification of any such union with regard to any Employees. The Company has not experienced any work stoppages or strikes (legal or otherwise) in the past five years. The Company has not engaged in any unfair labour practice and is not aware of any pending or threatened Labour Board proceeding of any kind, and there have not been any such proceedings within the last 2 years. As of the date hereof, to the knowledge of the Sellers, there are no pending or threatened work stoppages or labour disputes, charges of unfair labour practice or charges of violation of individual or collective rights or any pending or threatened complaints of violations under any employment related statute by any present Employee or former employee of the Company.

3.35 Absent Employees and Employment Legislation.

Except as described in Schedule 3.35, there is no Employee who has been continually absent from work for a period in excess of one month and who is in receipt of benefits pursuant to the provisions of a short or long term disability plan provided by the Company or the Sellers, applicable workers' compensation or other applicable workplace safety and insurance legislation in each jurisdiction where the Company carries on business. The Company is in material compliance with all Employment Legislation and there are no complaints, claims, charges, levies, assessments or penalties outstanding, or to the knowledge of the Sellers or the Company, anticipated, nor are there any orders, decisions, directions or convictions currently registered or outstanding by any tribunal or agency against or in respect of the Company under or in respect of any Employment Legislation. The Company is not a party to any application, complaint or other proceeding under any Applicable Law with respect to the Employees or any former employee. There are no outstanding fines, penalties, pending criminal prosecutions against the Company, nor against any officers or directors of the Company, in relation to the Business, under any Applicable Law or Employment Legislation. The Company is not a party to or bound by any statutorily required re-employment of any Employee.

3.36 Employee Accruals.

All accruals for unpaid vacation pay, premiums for employment insurance, health premiums, workers' compensation premiums, pension plan premiums (including Canada Pension Plan premiums), accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Company, as applicable, and in the Financial Statements.

3.37 Indebtedness and Security.

- (a) Except as set forth in Schedule 3.37 the Company has no other outstanding bonds (which shall not include performance bonds, bid bonds or similar types of bonds), debentures, trust indentures, mortgages, notes, loan agreements or other indebtedness for borrowed money, other than the overdraft position in the current accounts of the Company, as applicable, resulting from conduct of the Business in the ordinary course, any Contract for a leasing transaction of a type required to be capitalized in accordance with GAAP or any foreign exchange or interest rate hedging contract. Except for Permitted Encumbrances, no Person has been granted a security interest or other Encumbrance on any of the assets of the Company.
- (b) Immediately following the Closing, there will not be outstanding any loan, guarantee, pledge or other forms of financial assistance by the Company given for the benefit of any other Person.

3.38 Books and Records.

All books, records and files of the Company have been prepared, assembled and maintained in accordance with usual and customary industry policies and procedures and are in the care, custody and control of the Company. The minute books of the Company are true and correct in all material respects but do not contain complete minutes of all meetings and resolutions of the directors and shareholders of the Company or resolutions by consent (if any) of the directors and shareholders of the Company, however, any missing minutes or resolutions would not pertain to matters that would have any material adverse impact on the Company or that would deal in any way with the ownership of the shares of the Company.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Sellers as follows and acknowledges and confirms that the Sellers are relying on such representations and warranties in connection with the sale by the Sellers of the Company Shares:

4.1 Organization of Purchaser.

The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the Province of Alberta and it has the corporate power to enter into and perform its obligations pursuant to this Agreement. The authorized share capital of the Company consists of an unlimited number of common shares, and an unlimited number of preferred shares, of which only 44,930,815 common shares were issued and outstanding as at September 27, 2006, which are fully paid and non-assessable.

4.2 Authorization and Enforceability.

This Agreement has been duly authorized, executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Sellers in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency and other laws affecting the enforcement of rights of creditors generally and except that equitable remedies may be granted in the discretion of a court of competent jurisdiction.

4.3 No Violation by Purchaser

Neither the issue of the Purchaser's common shares nor the entering into or performance of this Agreement will violate, contravene, breach or offend, or result in any default or acceleration of any obligation, or give rise to any Encumbrance in favour of third parties on assets of the Purchaser, under any provision of the constating documents, by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of the Purchaser, or any agreement, indenture, order, undertaking, licence, Applicable Law or judgment to which the Purchaser is a party or by which the Purchaser or its assets may be bound. Without limiting the generality of the foregoing, no licences, agreements or other material instruments to which the Purchaser is a party or is bound may be modified or terminated, or by their terms require the approval of, making of a filing with or giving of notice to, any third party, in connection with the entering into of this Agreement or the consummation of the transaction contemplated hereby except for notices to the TSX Venture Exchange which notices have been provided to the said exchange.

4.4 Consents and Approvals.

There is no requirement for the Purchaser to make any filing with, give any notice to or obtain any licence, permit, certificate, registration, authorization, consent or approval of, any Governmental Body, as a condition to the lawful consummation of the transactions contemplated by this Agreement:

4.5 Investment Canada.

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

4.6 Prospectus Requirements

The issue to the Sellers of the common shares of the Purchaser will be exempt from any registration and prospectus requirements of legislation of the Province of Alberta.

4.7 Applicable Securities Laws

The common shares of the Purchaser to be issued to the Sellers will be issued in accordance with the applicable securities laws in the Province of Alberta.

4.8 Resale Restriction

The common shares of the Purchaser issued to the Sellers pursuant to paragraph 2.2 hereof will be subject to a hold period of four (4) months from the Closing Date, subject to compliance with the requirements of TSX Venture Exchange Policy 3.2, s.5.3, and shall not be subject to any other hold period or restriction on resale.

4.9 Reporting Issuer

The Purchaser is a reporting issuer under the securities legislation of the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland, and the Purchaser is not in material default of such legislation or any regulation thereunder.

4.10 TSXV Approval

The common shares of the Purchaser are listed on the TSX Venture Exchange and the exchange has conditionally approved the issuance and listing of the common shares of the Purchaser to be issued to the Sellers, subject to the filing of documentation and payment of additional listing fees.

4.11 Corporate Power

Prior to the Closing Date, the Purchaser will have full corporate power and authority to issue the common shares of the Purchaser to the Sellers and the said common shares will be duly and validly authorized for issuance and will, upon receipt of full payment therefor, be validly issued as fully paid and non-assessable shares.

4.12 Regulations of the TSXV

The issued and outstanding common shares of the Purchaser are listed and posted for trading on the TSX Venture Exchange and the Purchaser is in compliance in all material respects with the by-laws, rules and regulations of the TSX Venture Exchange.

4.13 Securities Approvals

No securities commission, stock exchange, or similar regulatory authority has issued any order preventing or suspending trading of any securities of the Purchaser. The Purchaser is not in default of any requirement of securities laws that would have a material affect on the transactions contemplated by this agreement and the Purchaser is entitled to avail itself of the applicable prospectus exemptions available under such Securities Laws in respect of the issuance of the Common Shares to the Sellers as contemplated by this agreement.

ARTICLE 5 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.1 Survival of Representations and Warranties of the Sellers.

The representations and warranties of the Sellers contained in this Agreement and any agreement, instrument, certificate or other document or undertaking executed or delivered pursuant hereto (other than those set forth at Section 3.25) shall survive the closing of the transactions contemplated hereby for

eighteen months from the Closing Date and, notwithstanding such closing or any investigation made by or on behalf of the Purchaser, shall continue in full force and effect for the benefit of the Purchaser during such period. The representations and warranties of the Sellers contained in Section 3.25 shall survive the closing of the transactions contemplated hereby until 90 days after the last date by which a reassessment may be made under the *Tax Act* with respect to the Change of Control Tax Return, and notwithstanding such closing or any investigation made by or on behalf of the Purchaser, shall continue in full force and effect for the benefit of the Purchaser during such period.

5.2 Survival of Representations and Warranties of the Purchaser.

The representations and warranties and, to the extent they have not been fully performed at or prior to the Time of Closing, the covenants of the Purchaser contained in this Agreement and any agreement, instrument, certificate or in any document or undertaking executed or delivered pursuant hereto shall survive the closing of the transactions contemplated hereby for eighteen months from the Closing Date and, notwithstanding such closing nor any investigation made by or on behalf of the Sellers, shall continue in full force and effect for the benefit of the Sellers during such period.

ARTICLE 6 COVENANTS

6.1 Books and Records.

The Purchaser covenants to use reasonable care to preserve the books and records of the Company delivered to it by the Sellers pursuant hereto for a period of six years from the Time of Closing, or for such longer period as is required by any Applicable Law, and will permit the Sellers or their authorized Representatives reasonable access thereto in connection with the affairs of the Sellers relating to the Company.

6.2 Preparation of Tax Returns.

- (a) The Purchaser shall prepare or cause to be prepared and filed, subject to the prior review and approval by the Sellers, tax returns for the Company due after the Closing with respect to periods on or prior to the Closing.
- (b) The Purchaser and the Sellers shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of any tax return (whether original or amended), and any audit, litigation or other proceedings with respect to Taxes. Such cooperation shall include the provision of records and other information that are reasonably relevant to such audit, litigation or other proceeding. The Purchaser and the Sellers further agree, upon request, to use their reasonable best efforts to obtain any certificate or other document from any Governmental Body or any other Person as may be necessary to mitigate, reduce or eliminate any Taxes provided such efforts will not adversely affect the party to whom the request is made.

6.3 Non-Solicitation.

The Sellers agree that, effective as of the Closing Date and for a period of two years thereafter, the Sellers will not, without the express written consent of the Purchaser, solicit for hire or employment, directly or indirectly, any officer or employee of the Company, or the Business; provided, however, that the foregoing provision will not prevent the Sellers or any of its Representatives from making general solicitations for employment (by advertising in a newspaper or periodical of general circulation) not specifically targeted to the officers or employees of the Company or the Business or from employing any such person who responds to such a general non-targeted solicitation or who contacts the Sellers or their

Representatives on his or her own initiative without any direct or indirect solicitation by or encouragement from the Sellers or their Representatives.

6.4 Phase II Environmental Assessments

The Sellers shall take steps to have the Company carry out environmental assessments which are generally recognized as being Phase I assessments (“**Phase I Environmental Assessments**”) with respect to its Leased Real Property and Owned Real Property at 10340 - 140 Ave. and 10351 - 144 Ave both in Grande Prairie, Alberta, and the parties agree to cause the Company to provide such Phase I Environmental Assessments to the Purchaser within 60 days after the Closing Date. If the Phase I Environmental Assessments indicate that it is desirable to conduct an environmental assessment which is generally recognized as being a Phase II assessment (“**Phase II Environmental Assessment**”) on any of these properties, then the Sellers shall take steps to have such reports prepared and delivered within 60 days of delivery of the Phase I Environmental Assessments, such Phase II Environmental Assessment to be at the expense of the Purchaser. If the Phase II Environmental Assessments indicate that Phase II Costs for remediation should be incurred in order to comply with Applicable Law, the Purchaser and the Sellers shall immediately attempt to estimate the Phase II Costs. If the Parties cannot agree on the Phase II Costs within 10 days of delivery of the Phase II Environmental Assessments any party shall have the right to submit the determination of the Phase II Costs to an expert to be agreed upon (the “**Environmental Expert**”). The Environmental Expert shall as soon as reasonably possible, but within 30 days of being retained, provide the Parties with an estimate of the Phase II Costs which estimate shall be binding on the Parties. The estimate of the Phase II Costs either determined by agreement between the Parties or pursuant to the written declaration of the Environmental Expert is the “**Estimated Remediation Amount**”. If the Estimated Remediation Amount is more than \$100,000 the Sellers shall be responsible to pay to the Purchaser the full amount of the Estimated Remediation Amount (such payment to be referred to herein as the “**Phase II Payment Amount**”) and the Sellers shall not be responsible for any Phase II Costs if the Estimated Remediation Amount is less than \$100,000. As a result of the foregoing no Phase II Costs shall be subject to the indemnification provisions of Article 8 hereof except for the limitations on liability of the Sellers and Guarantors as set out in Section 8.3.

6.5 Director

The Purchaser shall take steps to have Shane Stampe elected or appointed to the board of directors of the Purchaser immediately following Closing.

6.6 Shareholder Loans

Immediately after Closing the Purchaser shall cause the Company to repay the Shareholder Loans.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances.

Each Party to this Agreement covenants and agrees that, from time to time subsequent to the Closing Date, it will, at the request and expense of the requesting Party, execute and deliver all such documents, including all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as any other Party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

ARTICLE 8 INDEMNIFICATION

8.1 Indemnification by the Sellers.

The Sellers and the Guarantors agree to indemnify and save harmless the Purchaser from all Losses suffered or incurred as a result of or arising directly or indirectly out of or in connection with:

- (a) the untruthfulness of any representation or warranty of the Sellers contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto; provided, however, that the Sellers and the Guarantors shall not be required to indemnify or save harmless the Purchaser in respect of any untruthfulness of any representation or warranty unless the Purchaser shall have provided notice to the Sellers in accordance with Section 9.1 on or prior to the expiration of the applicable survival period related to such representation and warranty; and
- (b) any breach or non-performance by the Sellers of any covenant to be performed by them which is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto;

8.2 Indemnification by the Purchaser

The Purchaser agrees to indemnify and save harmless the Sellers from all Losses suffered or incurred as a result of or arising directly or indirectly out of or in connection with:

- (a) the untruthfulness of any representation or warranty of the Purchaser contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto; provided, however, that the Purchaser shall not be required to indemnify or save harmless the Sellers in respect of any untruthfulness of any representation or warranty unless the Sellers shall have provided notice to the Purchaser in accordance with Section 9.1 on or prior to the expiration of the applicable survival period related to such representation and warranty; and
- (b) any breach or non-performance by the Purchaser of any covenant to be performed by it which is contained in this Agreement or in any agreement, certificate or other document delivered pursuant hereto.

8.3 Limitation of Liability.

- (a) Other than in respect of the untruthfulness of any representation or warranty of the respective Sellers and Guarantors set forth at Section 3.3, the Purchaser shall not be entitled to require payment of any amount by the Sellers or the Guarantors on account of the indemnities contained in Section 8.1 until the aggregate of all such amounts for which it would otherwise be entitled to require payment exceeds \$100,000 (the “**Threshold Amount**”). Once the Threshold Amount has been exceeded, the Purchaser shall be entitled to require payment on the indemnities contained in Section 8.1 from the first dollar of such amounts, without regard to the Threshold Amount.
- (b) The Purchaser shall not be entitled to require payment of any amount by any particular Seller on account of the indemnities contained in Section 8.1 in the aggregate in excess of the portion of the Purchase Price received by that particular Seller. The Purchaser shall not be entitled to require payment of any amount by any particular Guarantor on account of the indemnities contained in Section 8.1 in the aggregate in excess of the portion of the Purchase Price received by the particular Seller of which the Guarantor is a shareholder.

8.4 Notice of Claim.

- (a) In the event that the Purchaser (the “**Indemnified Party**”) shall become aware of any claim, proceeding or other matter (a “**Claim**”) in respect of which the Sellers or the Guarantors (the “**Indemnifying Party**”) agreed to indemnify the Indemnified Party pursuant to this Agreement, the Indemnified Party shall promptly give written notice thereof to the Indemnifying Party. Such notice shall specify whether the Claim arises as a result of a claim by a Person against the Indemnified Party (a “**Third Party Claim**”) or whether the Claim does not so arise (a “**Direct Claim**”), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Claim and the amount of the Claim, if known.
- (b) If, through the fault of the Indemnified Party, the Indemnifying Party does not receive notice of any Claim in time to contest effectively the determination of any liability susceptible of being contested, the Indemnifying Party shall be entitled to set off against the amount claimed by the Indemnified Party the amount of any Losses incurred by the Indemnifying Party resulting from the Indemnified Party’s failure to give such notice on a timely basis.

8.5 Direct Claims.

With respect to any Direct Claim, following receipt of notice from the Indemnified Party of the Claim, the Indemnifying Party shall have 45 days to make such investigation of the Claim as is considered necessary or desirable. For the purpose of such investigation, the Indemnified Party shall make available to the Indemnifying Party the information relied upon by the Indemnified Party to substantiate the Claim, together with all such other information as the Indemnifying Party may reasonably request. If both Parties agree at or prior to the expiration of such 45 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed-upon amount of the Claim, failing which the matter shall be referred to binding arbitration in such manner as the Parties may agree or, failing such agreement, shall be determined by a court of competent jurisdiction.

8.6 Third Party Claims.

- (a) The Indemnifying Party shall have the right, at its expense, to participate in or assume control of the negotiation, settlement or defence of any Third Party Claim and if the Indemnifying Party assumes control, it shall reimburse the Indemnified Party for all of the Indemnified Party’s out-of-pocket expenses prior to the time the Indemnifying Party assumed control. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to participate in the negotiation, settlement or defence of such Third Party Claim and to retain counsel to act on its behalf, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Party unless the Indemnifying Party consents to the retention of such counsel or unless the named parties to any action or proceeding include both the Indemnifying Party and the Indemnified Party and representation of both the Indemnifying Party and the Indemnified Party by the same counsel would be inappropriate due to actual or potential differing interests between them (such as the availability of different defences).
- (b) If the Indemnifying Party, having elected to assume such control, thereafter fails to defend the Third Party Claim within a reasonable time, the Indemnified Party shall be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to the Third Party Claim.

- (c) If any Third Party Claim is of a nature such that the Indemnified Party is required by Applicable Law to incur losses or make a payment to any person (a “**Third Party**”) with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnified Party may incur such Losses or make such payment and the Indemnifying Party shall, forthwith after demand by the Indemnified Party, reimburse the Indemnified Party for such payment. If the amount of any liability of the Indemnified Party under the Third Party Claim in respect of which such payment was made, as finally determined, is less than the amount that was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after the receipt of the difference from the Third Party, pay the amount of such difference, together with any interest thereon paid by the Third Party to the Indemnified Party, to the Indemnifying Party. In addition, the Indemnifying Party shall post all security required by any court, regulatory body or other authority having jurisdiction, including without limitation, for purposes of enabling the Indemnifying Party to contest any Third Party Claim.
- (d) If the Indemnifying Party fails to assume control of the defence of any Third Party Claim or defaults in respect of any of its obligations under this Section 8.6 with respect thereto, the Indemnified Party shall have the exclusive right to contest the amount claimed and may settle and pay the same on 14 days prior written notice to the Indemnifying Party and the Indemnifying Party shall, thereupon, be deemed to have agreed that such settlement is reasonable and may be agreed to by the Indemnified Party and all other Persons liable in respect of the Third Party Claim unless within such 14 day period the Indemnifying Party notifies the Indemnified Party that it is assuming or reassuming control of such defence and thereafter assumes or reassumes such control and does not default.
- (e) The Indemnified Party and the Indemnifying Party shall co-operate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available).

8.7 Exclusivity.

The provisions of this Article 8 shall apply to any Claim (other than a claim for specific performance or injunctive relief) for breach of any covenant, representation, warranty or other provision of this Agreement or any agreement, certificate or other document delivered pursuant hereto so that all such Claims shall be subject to the limitations and other provisions contained in this Article 8.

ARTICLE 9 MISCELLANEOUS

9.1 Notices.

- (a) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered in person, transmitted by telecopy or similar means of recorded electronic communication or sent by registered mail, charges prepaid, addressed as follows:

- (i) if to the Sellers:

[deleted text]

with a copy to:

Miller Thomson LLP
3000, 700 - 9th Avenue SW
Calgary, Alberta T2P 3V4
Attention: Michael F. Hayduk QC

- (ii) if to the Guarantors

[deleted text]

with a copy to:

Miller Thompson LLP
3000, 700 - 9th Avenue SW
Calgary, Alberta T2P 3V4
Attention: M. F. Hayduk QC

- (iii) if to the Purchaser:

Horizon North Logistics Inc.
1600, 505 3rd Street SW
Calgary, Alberta T2P 3E6
Attention: Bob German

with a copy to:

Borden Ladner Gervais LLP
Canterra Tower
400 Third Avenue S.W.
Calgary, AB T2P 4H2
Fax: (403) 266-1395

Attention: Brian E. Roberts

- (b) Any such notice or other communication, if delivered by telecopy, shall be deemed to have been given on the day on which it was transmitted if transmitted on a Business Day prior to 5:00 p.m. at the place of receipt or, otherwise, on the next following Business Day and, if mailed, on the third Business Day following the date of mailing; provided, however, that if at the time of mailing or within three Business Days thereafter there is or occurs a labour dispute or other event which might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be delivered or transmitted by means of recorded electronic communication as aforesaid.
- (c) Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 9.1.

9.2 Commissions, etc.

- (a) The Sellers agree to indemnify and save harmless the Purchaser from and against all Losses suffered or incurred by the Purchaser in respect of any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for or on behalf of the Sellers.

- (b) The Purchaser agrees to indemnify and save harmless the Sellers from and against all Losses suffered or incurred by the Sellers in respect of any commission or other remuneration payable or alleged to be payable to any broker, agent or other intermediary who purports to act or have acted for or on behalf of the Purchaser.

9.3 Consultation.

The Parties shall consult with and obtain the consent (not to be unreasonably withheld) of each other before issuing any press release or making any other public announcement with respect to this Agreement or the transactions contemplated hereby.

9.4 Enurement.

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

9.5 Counterparts.

This Agreement may be executed in counterparts, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the Parties.

HORIZON NORTH LOGISTICS INC.

698819 ALBERTA LTD. ,

Per: _____

Per: _____

755983 ALBERTA LTD.,

Per: _____

755982 ALBERTA LTD.,

Per: _____

[Deleted Text]

ShenCO

SCHEDULE 1.1(a)
INTERIM FINANCIAL STATEMENTS

See Schedule 1.1(b)

SCHEDULE 1.1(b)

OCTOBER 31, 2005, 2004 AND 2003 FINANCIAL STATEMENTS

SCHEDULE 1.1(c)

PERMITTED ENCUMBRANCES

<u>Registration Number</u>	<u>Date Registered</u>	<u>Secured Party</u>	<u>Security</u>
98070734177	July 7, 1998	Canadian Western Bank	Hundreds of vehicles, trailers and equipment

SCHEDULE 2.2

**SELLER'S OWNERSHIP OF COMPANY SHARES AND
SAMPLE CALCULATION OF PURCHASE PRICE PAYABLE**

<u>Seller</u>	<u>Company Shares Held</u>	<u>Horizon Cash Consideration</u>			<u>Horizon Share Consideration</u>
		<u>Holdback</u>	<u>Payable on Closing</u>	<u>Total</u>	
755982 Alberta Ltd.	12	\$240,000	\$7,190,400	\$7,430,400	571,569
755983 Alberta Ltd.	46	\$920,000	\$27,563,200	\$28,483,200	2,191,016
698819 Alberta Ltd.	42	\$840,000	\$25,166,400	\$26,006,400	2,000,492
TOTALS	100	\$2,000,000	\$59,920,000	\$61,920,000	4,763,077

SCHEDULE 3.6

REQUIRED CONSENTS

Pursuant to a commitment letter (at clause 16) with respect to banking arrangements, the prior written consent of the Canadian Western Bank is required in order for the Company to assign or encumber any rights or obligations under the loan.

SCHEDULE 3.8
ORGANIZATION OF COMPANY

Part I

The Company was incorporated in Alberta.

The Company is extra-provincially registered in British Columbia.

Part II

Caribou Camp Services Ltd.: 24%

Ma-M-Way Shanco Camp Corp.: 49%

SCHEDULE 3.13

OWNED AND LEASED REAL PROPERTY

OWNED: Two (2) nine (9) acre parcels located back to back, fenced and gravelled for a total of eighteen (18) acres located in the north end of Grande Prairie in the county:

1. South Nine Acre Property

Legal Location: Plan 972366, Block 4, Lot 4
Owner: Shanco Camp Services Ltd.
Indebtedness: In favour of Canadian Western Bank \$1,900,000

2. North nine acre includes:

Legal Location: Plan 972366, Block 4, Lot 5
Owner: Shanco Camp Services Ltd.
Indebtedness: In favour of Canadian Western Bank \$1,900,000

LEASED:

1. Eighty (80) Acres in British Columbia on the Heritage Highway for Ma-M-Way Cutbank Open Camp

Legal Location: -
Owner: -
Landlord: -
Monthly rental: -
Commencement: -
Terms: -
Lease or rental agreement in place: No

2. Surface Lease in North Helmet on land at Northwinds Open Camp

Legal Location: -
Owner: -
Landlord: -
Monthly rental: -
Commencement: -
Terms: -
Lease or rental agreement in place: No

3. Surface Lease on Land at Jedney open camp

Description: Handshake deal wherein the Company is trading a rental on a 10'x 20' portable office building valued at \$750.00/month for use of the land.
Legal Location:
Owner:
Landlord: Points North Construction
Monthly rental:
Commencement:
Terms:
Lease or rental agreement in place:

4. Lease - Tumbler Ridge, British Columbia

Description: Land in Town
Legal Location: Portion of Unsurveyed Remainder
District Lot 3164
Peace River District
Plan 28419
Owner: -
Landlord: District of Tumbler Ridge
Monthly rental: \$10,000
Plus \$125,000 per year in taxes (based on the value of the buildings that reside on the site)
Commencement: May 30, 2005
Terms: ending January 30, 2007
Lease or rental agreement in place: Yes

5. Lease - Normal Wells, NWT

Legal Location: Lot 1049, Quad 96E7, Plan 2566 (#1046)
Owner: -
Landlord: Commissioner of the Northwest Territories as Represented by the Department of Transportation through its Authorized Delegate, Airport Manager, Norman Wells Airport
Annual rent: \$2,130.15
Commencement: March 16, 2006
Terms: to March 15, 2007
Lease or rental agreement in place: Yes
Other relevant details:
Current surface lease on land in town on Normal Wells adjacent to the airport of \$1,000.00/year

6. Residential leases

(a) Description: Suite 2903, London House, 505 – 4th Ave. SW., Calgary

Owner: Managed by Rexcourt Properties, London House
Landlord:
Tenant: Shane Stampe & Ken Francis (Shanco)
Monthly rental: \$1,050
Commencement: April 1, 2002
Terms: monthly
Lease or rental agreement in place: Yes

(b) Description: **9309D – 107 Avenue, Grande Prairie, Alberta**

Owner: Managed by Quality Property Management
Landlord: Jared Hope
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,650
Commencement: June 20, 2006
Terms: monthly
Lease or rental agreement in place: Yes

(c) Description: **9309B – 107 Avenue, Grande Prairie, Alberta**

Owner: Managed by Quality Property Management
Landlord: Jared Hope
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,650
Commencement: June 20, 2006
Terms: monthly
Lease or rental agreement in place: Yes

(d) Description: **9309C – 107 Avenue, Grande Prairie, Alberta**

Owner: Managed by Quality Property Management
Landlord: Jared Hope
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,650
Commencement: August 1, 2006
Terms: monthly
Lease or rental agreement in place: Yes

(e) Description: **9309A – 107 Avenue, Grande Prairie, Alberta**

Owner: Managed by Quality Property Management
Landlord: Jared Hope
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,650
Commencement: June 20, 2006
Terms: monthly
Lease or rental agreement in place: Yes

- (f) Description: **7021 – 93 Street, Grande Prairie, Alberta**
- Owner: Managed by Quality Property Management
Landlord: Hope3
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,750
Commencement: July 6, 2006
Terms: monthly
Lease or rental agreement in place: Yes
- (g) Description: **9302 – 70 Avenue, Grande Prairie, Alberta**
- Owner: Managed by Quality Property Management
Landlord: Hope Properties Inc.
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$2,000
Commencement: July 6, 2006
Terms: monthly
Lease or rental agreement in place: Yes
- (h) Description: **9828 – 108 Avenue, Grande Prairie, Alberta**
- Owner: Managed by Quality Property Management
Landlord: Barber
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,100
Commencement: April 1, 2006
Terms: monthly
Lease or rental agreement in place: Yes
- (i) Description: **9407B – 104 Avenue, Grande Prairie, Alberta**
- Owner: Managed by Quality Property Management
Landlord: Gilkyson
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$900
Commencement: April 1, 2006
Terms: monthly
Lease or rental agreement in place: Yes
- (j) Description: **12906 A – 94 Street, Grande Prairie, Alberta**
- Owner: Managed by Quality Property Management
Landlord: Jared Hope
Tenant: Ken Francis o/a Shanco Camp Services Ltd.
Monthly rental: \$1,700
Commencement: September 11, 2006
Terms: monthly

Lease or rental agreement in place: Yes

SCHEDULE 3.14

EXCEPTIONS WITH RESPECT TO REAL PROPERTY

OWNED:

At the north nine (9) acre parcel at Plan 9723366, Block 4, Lot 5, pursuant to fire regulations, the new addition is in need of a sprinkler-based fire-suppression system for the manufacturing facility. The Company is waiting for advice from the county Fire Marshall. Pending the receipt of that advice, the Company has been waiting for city water and sewer to be installed to provide services to the property in order to avoid the additional cost and inconvenience to install a fire pump and increase the size of the water storage lagoon.

Also at the north nine (9) acre parcel at Plan 9723366, Block 4, Lot 5, the building has water storage, sewage holding tanks and its own water well system. The water is tested regularly. The Company's well has not been keeping up with the demand created by the increased number of employees that have been working out of the building on the property. To address this, the Company has been hauling water to supplement the water supply and has been hauling sewage to ease the strain on the sewage system.

LEASED:

The leased eighty (80) acre property in B.C. has in place a right of way agreement with EnCana.

SCHEDULE 3.15

STATUS OF LEASED REAL PROPERTY AGREEMENT

None.

SCHEDULE 3.17
ACCOUNTS RECEIVABLE

There are no bad debts.

SCHEDULE 3.18

INTELLECTUAL PROPERTY AND TECHNOLOGY

None.

SCHEDULE 3.19

INSURANCE

Policies	Commercial General Liability, Zurich/Chubb Policy No. 8500295	Umbrella Liability, Zurich Policy No. 8500295	Motor Truck Cargo, Zurich Policy No. 8500295	Royal & Sun Alliance, Policy No. CAP023210910
Deductibles	\$10,000 buildings, tenants improvements and property damage; \$500 contents \$1,000 bodily injury and property damage \$1,000 tenants legal liability Up to \$50,000 for contractors equipment	-	\$5,000 any one occurrence	\$5,000
Coverage type and amount	\$2,000,000 to \$10,000,000	\$3,000,000 inclusive bodily injury and property damage	\$400,000 limit	\$2,000,000 Automobile
Pending claims:	None	None	None	None
Claims for the last 5 years	None	None	None	None

SCHEDULE 3.21

MATERIAL CONTRACTS

Management service contracts with Caribou Camp Services Ltd., Legacy Industrial Camps Inc., Ma-M-Way Camp Services Ltd., and the Sellers.

See Schedule 3.13

SCHEDULE 3.22
LICENSES AND PERMITS

Alberta Safety Fitness Certificate

- Certificate No. 000079756
- NSC No. AB042-8086
- MVID 0348-19763
- Operating Status – Federal
- Effective January 1, 2006
- Expiry - Continuous

Temporary Industrial Use Permit – Peace River Regional District

- Permit No. 21-TIP-2006, issued March 17, 2006
- Registered against title of land described as District Lot 419, except Plan 29182 and the east 80 feet, W6M, PRD, PID: 015-173-194 with the Registrar, Land Title and Survey Authority of British Columbia, New Westminster, BC
- Expires March 9, 2008

SCHEDULE 3.25
FILING AND AUDITS

None.

SCHEDULE 3.26

LITIGATION

None.

SCHEDULE 3.28
BANK ACCOUNTS AND ATTORNEYS

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SCHEDULE 3.29

DIRECTORS AND OFFICERS

Directors	Position as Officer
Shane Stampe	President
Ken Francis	Secretary

SCHEDULE 3.31
OUTSTANDING SHAREHOLDER LOANS

755983 Alberta Ltd.	\$2,721,334.08
755982 Alberta Ltd.	\$ 671,671.96
698819 Alberta Ltd.	\$2,153,444.38

SCHEDULE 3.32

ENVIRONMENTAL NOTICES, ORDERS AND DIRECTIONS

1. Grande Prairie yard

A Generator overfilled in the Company's Grande Prairie yard resulting in the spillage of diesel fuel onto the ground. This was cleaned up and information concerning this matter is included in the environmental assessment.

2. Surface Lease in North Helmet on land at Northwinds Open Camp

The Northwinds Open Camp has since been moved off of this location to a more economically viable area. The site sits empty at present. The Company is still liable for the clean up of this location if it is given up. The intent is to keep it in case activity in the area increases. Environmental clean up of the location would consist of removing pilings that a camp once sat on and to fill in the sewage lagoons and dispose of some minor garbage.

SCHEDULE 3.33
EMPLOYEE PLANS

Sun Life Financial Policy Group Medical and Dental, contract number 22743

Group Retirement Services offered through Great West – London Life – Canada Life,
Policy/Plan number 63839

SCHEDULE 3.34
EMPLOYMENT AGREEMENTS

None.

SCHEDULE 3.35
ABSENT EMPLOYEES

None.