

BELLAIR VENTURES INC.

as Purchaser

and

THE EDWARD J. WINTER FAMILY TRUST

as Vendor

and

EDWARD J. WINTER AND MARCO EDWARD WINTER

as Principals

SHARE PURCHASE AGREEMENT

September 6, 2012

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EXHIBITS

- Exhibit A – Definitions
- Exhibit B – Form of Promissory Note
- Exhibit C – Form of Security Agreement

SHARE PURCHASE AGREEMENT

Share Purchase Agreement dated September __, 2012 between Bellair Ventures Inc. (the “**Purchaser**”), Edward J. Winter Family Trust (the “**Vendor**”) and Edward J. Winter and Marco Edward Winter (collectively, the “**Principals**”).

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the terms defined in **Exhibit A** have meanings attributed to them therein, respectively.

Section 1.2 Gender and Number.

Any reference in this Agreement or any Ancillary Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.

Section 1.3 Headings, etc.

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

Section 1.4 Currency.

All references in this Agreement or any Ancillary Agreement to dollars, or to \$ are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.5 Certain Phrases, etc.

In this Agreement and any Ancillary Agreement (i) the words “including”, “includes” and “include” mean “including (or includes or include) without limitation”, and (ii) the phrase “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. Unless otherwise specified, the words “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

Section 1.6 Knowledge.

Where any representation or warranty contained in this Agreement or any Ancillary Agreement is expressly qualified by reference to the knowledge of the Vendor, it will be deemed to refer to the knowledge of either of the Principals. The Vendor and the Principals confirm that they have made due and diligent inquiry of such Persons (including appropriate trustees, directors and officers of the Vendor and the Corporation, as the case may be) as it considers necessary as to the matters that are the subject of the representations and warranties.

Section 1.7 Accounting Terms.

All accounting terms not specifically defined in this Agreement are to be interpreted in accordance with GAAP.

Section 1.8 Schedules and Disclosure Letter.

The schedules and exhibits attached to this Agreement and the Disclosure Letter form an integral part of this Agreement for all purposes of it. The Disclosure Letter itself and all information contained in it is confidential information and may not be disclosed unless (i) it is required to be disclosed pursuant to applicable Law unless such Law permits the Parties to refrain from disclosing the information for confidentiality or other purposes or (ii) a Party needs to disclose it in order to enforce or exercise its rights under this Agreement or any Ancillary Agreement. Without limiting the generality of the foregoing, the Disclosure Letter shall constitute information disclosed to the Purchaser and shall be subject to the provisions of Section 5.3.

Section 1.9 References to Persons and Agreements.

Any reference in this Agreement or any Ancillary Agreement to a Person includes its successors and permitted assigns. The term "Agreement" and any reference in this Agreement to this Agreement, any Ancillary Agreement or any other agreement or document includes, and is a reference to, this Agreement, such Ancillary Agreement or such other agreement or document as it may have been, or may from time to time be amended, restated, replaced, supplemented or novated and includes all schedules to it.

Section 1.10 Statutes.

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended, re-enacted or replaced.

Section 1.11 Non-Business Days.

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be made or such action will be taken on or not later than the next succeeding Business Day.

ARTICLE 2 PURCHASED SHARES AND PURCHASE PRICE

Section 2.1 Purchase and Sale.

Subject to the terms and conditions of this Agreement, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor on the Closing Date, all (but not less than all) of the issued and outstanding shares of the Corporation (collectively, the "**Purchased Shares**").

Section 2.2 Purchase Price.

The consideration payable by the Purchaser to the Vendor for the Purchased Shares is \$10,000,000 (the "**Purchase Price**"), less an amount equal to the amount of any Long-Term

Debt of the Corporation outstanding on the Closing Date and subject to adjustment in accordance with Section 2.6.

Section 2.3 Payment of the Purchase Price.

- (1) The Purchase Price will be paid and satisfied, subject to adjustment in accordance with Section 2.6, as follows:
 - (a) as to \$500,000, by the Purchaser paying at Closing such amount to or to the order of the Vendor by wire transfer of immediately available funds;
 - (b) as to \$500,000, by the Purchaser assigning at Closing, in form and substance satisfactory to the Purchaser and the Vendor, acting reasonably, the loan advanced pursuant to Section 5.10 by the Purchaser to the Corporation;
 - (c) as to \$2,000,000, by the Purchaser allotting that number of Bellair Shares that is equal to \$2,000,000 divided by the Bellair Share Price and rounded down to the nearest whole number (the **"Holdback Shares"**), to the Vendor on the Closing Date and issuing such number of the Holdback Shares to the Vendor as is determined pursuant to, and in accordance with, Section 2.4; and
 - (d) as to the balance, by the Purchaser issuing to the Vendor, and causing the Vendor to be registered as the owner in the Books and Records of the Purchaser, that number of Bellair Shares that is equal to such balance divided by the Bellair Share Price and rounded down to the nearest whole number (the **"Closing Shares"** and together with the Holdback Shares, the **"Share Consideration"**).

Section 2.4 Holdback Shares.

- (1) The Purchaser shall issue to the Vendor the balance of the Holdback Shares which remain after adjustment in accordance with Section 2.4(2) on the date that is one year after the Closing Date (the **"Holdback Release Date"**), provided that any portion of such balance which is subject to adjustment because of a matter referred to in Section 2.4(2)(b) and which is not resolved in accordance with Article 9 on or before the Holdback Release Date shall not be issued on the date that is one year after the Closing Date but will be issued within 5 Business Days after the claim that is the subject of such notice is finally resolved in accordance with Article 9, if any such portion remains to be issued after the applicable adjustment for such claim.
- (2) Without prejudice to any other rights or remedies available to the Purchaser under this Agreement or otherwise at law or in equity, the number of Holdback Shares, and the corresponding amount of the Purchase Price based on the Bellair Share Price, will be decreased (provided that the number of Holdback Shares shall not be decreased below zero) by an amount equal to the sum of:
 - (a) any amount by which the Purchase Price is to be adjusted pursuant to Section 2.6; and

- (b) the sum of all amounts due and outstanding to the Purchaser pursuant to Article 9, if any, for which a notice has been delivered pursuant to Section 9.6 by the Purchaser on or before the Holdback Release Date and which the Vendor shall have failed to pay as and when due.

Section 2.5 Preparation of Working Capital Statement.

- (1) Within 30 days following the Closing Date (or such other date as is mutually agreed to by the Vendor and the Purchaser in writing), the Purchaser shall prepare, cause its auditors to review and deliver to the Vendor a draft audited statement of Working Capital (the “**Draft Working Capital Statement**”) of the Corporation prepared as of the close of business on the Closing Date, together with a draft auditor’s report on it. The Draft Working Capital Statement will be prepared in accordance with GAAP applied on a basis consistent with the preparation of the Financial Statements, except that (i) the exceptions from GAAP set forth in Section 2.5(1) of the Disclosure Letter will be adhered to, and (ii) the inventories of the Corporation will be valued in accordance with GAAP only to the extent that GAAP is consistent with the inventory policies, practices and procedures of the Corporation set forth in Section 2.5(1) of the Disclosure Letter.
- (2) The Vendor shall have 10 Business Days to review the Draft Working Capital Statement following receipt of it and the Vendor must notify the Purchaser in writing if it has any objections to the Draft Working Capital Statement within such 10 Business Day period, provided that such 10 Business Day period shall be extended by any period during such time which the Purchaser fails to abide by its obligation to provide access in accordance with the last sentence of this paragraph. The notice of objection must contain a statement of the basis of each of the Vendor’s objections and each amount in dispute. The Purchaser shall provide access, upon every reasonable request, to the Vendor and its auditors, to all work papers of the Purchaser and its auditors, accounting books and records and the appropriate personnel to verify the accuracy, presentation and other matters relating to the preparation of the Draft Working Capital Statement, subject to execution and delivery by the Vendor and its auditors of any agreement or other document, including any release, waiver or indemnity that the Purchaser’s auditors, acting reasonably, require prior to providing such access.
- (3) If the Vendor sends a notice of objection of the Draft Working Capital Statement in accordance with Section 2.5(2), the Parties shall work expeditiously and in good faith in an attempt to resolve such objections within 20 Business Days following receipt of the notice. Failing resolution of any objection to the Draft Working Capital Statement raised by the Vendor, the dispute will be submitted for determination to an independent firm of chartered accountants mutually agreed to by the Vendor and the Purchaser (and, failing such agreement between the Vendor and the Purchaser within a further period of 5 Business Days, such independent firm of chartered accountants will be KPMG LLP, or if such firm is unable to act, PricewaterhouseCoopers LLP). The determination of such firm of chartered accountants will be final and binding upon the Parties and will not be subject to

appeal, absent manifest error. Such firm of chartered accountants are deemed to be acting as experts and not as arbitrators.

- (4) If the Vendor does not notify the Purchaser of any objection within the 10 Business Day period, the Vendor is deemed to have accepted and approved the Draft Working Capital Statement and such Draft Working Capital Statement will be final, conclusive and binding upon the Parties, and will not be subject to appeal, absent manifest error. In such case, the Draft Working Capital Statement will become the **"Closing Working Capital Statement"** on the next Business Day following the end of such 10 Business Day period.
- (5) If the Vendor sends a notice of objection in accordance with Section 2.5(2), the Parties shall revise the Draft Working Capital Statement to reflect the final resolution or final determination of such objections under Section 2.5(3) within two Business Days following such final resolution or determination. Such revised Draft Working Capital Statement will be final, conclusive and binding upon the Parties, and will not be subject to appeal, absent manifest error. In such case, the Draft Working Capital Statement will become the **"Closing Working Capital Statement"** on the next Business Day following revision of the Draft Working Capital Statement under this Section 2.5(5).
- (6) The Vendor and the Purchaser shall each bear their own fees and expenses, including the fees and expenses of their respective auditors, in preparing or reviewing, as the case may be, the Draft Working Capital Statement. In the case of a dispute and the retention of a firm of chartered accountants to determine such dispute, the costs and expenses of such firm of chartered accountants will be borne equally by the Vendor and the Purchaser. However, the Vendor and the Purchaser shall each bear their own costs in presenting their respective cases to such firm of chartered accountants.
- (7) The Parties agree that the procedure set forth in this Section 2.5 for resolving disputes with respect to the Draft Working Capital Statement is the sole and exclusive method of resolving such disputes, absent manifest error. This Section 2.5(7) will not prohibit any Party from instigating litigation to compel specific performance of this Section 2.5 or to enforce the determination of the independent firm of chartered accountants.

Section 2.6 Working Capital Purchase Price Adjustment.

- (1) The Purchase Price will be decreased dollar-for-dollar, to the extent that the Working Capital as determined from the Closing Working Capital Statement is less than the Working Capital Target.
- (2) If the Working Capital as determined from the Closing Working Capital Statement is less than the Working Capital Target, the amount of such difference will be paid to the Purchaser as a decrease to the Purchase Price on the date the Closing Working Capital Statement is finalized by reducing the number of Holdback Shares as contemplated by Section 2.4(2)(a).

Section 2.7 No Effect on Other Rights.

The determination and adjustment of the Purchase Price in accordance with the provisions of this Article 2 will not limit or affect any other rights or causes of action either the Purchaser or the Vendor may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

Section 2.8 Tax Act Election.

The Vendor and the Purchaser shall jointly execute an election, where such election is available, under the provisions of section 85 of the *Tax Act* and the corresponding provisions of any other applicable provincial statute in respect of the sale, assignment, conveyance and transfer of the Purchased Shares.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

Section 3.1 Representations and Warranties of the Vendor and the Principals.

The Vendor and each of the Principals jointly and severally represent and warrant as follows to the Purchaser and acknowledge and agree that the Purchaser is relying upon such representations and warranties in connection with its purchase of the Purchased Shares:

Corporate Matters

- (a) **Corporation Incorporation and Qualification.** The Corporation is a corporation incorporated and existing under the laws of the Province of Ontario and has the corporate power to own and operate its property, carry on its business and to enter into and perform its obligations under each of the Ancillary Agreements to which it is a party. The Corporation is qualified, licensed or registered to carry on business in the jurisdictions listed in Section 3.1(a) of the Disclosure Letter. The jurisdictions listed in Section 3.1(a) of the Disclosure Letter include all jurisdictions in which the nature of the Assets or the Business makes such qualification necessary or where the Corporation owns or leases any material Assets or conducts any material business.
- (b) **Vendor Formation.** The Vendor is a trust settled and existing under the laws of the Province of Ontario and has the power to own and operate its property and enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (c) **Authorization.** The execution and delivery of, and performance by the Vendor of, this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by it have been duly authorized by all necessary action on the part of the trustees of the Vendor.

- (d) **No Conflict.** Except for the filings, notifications and Authorizations described in Section 3.1(e) of the Disclosure Letter, the consents, approvals and waivers described in Section 3.1(f) of the Disclosure Letter or as disclosed in Section 3.1(d) of the Disclosure Letter, the execution and delivery of and performance by the Vendor of this Agreement and the execution and delivery of and performance by the Vendor and the Corporation of each of the Ancillary Agreements to which either of them is a party:
- (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any Person to exercise any rights under, any of the terms or provisions of its or the Corporation's constating documents or by-laws;
 - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any Person to exercise any rights under, any of the terms or provisions of any Contracts, Leases or instruments to which it or the Corporation is a party or pursuant to which any of its or the Corporation's assets or property may be affected;
 - (iii) do not and will not result in a breach of, or cause the termination or revocation of, any Authorization held by the Vendor or the Corporation or necessary to the ownership of the Purchased Shares or the operation of the Business; and
 - (iv) do not and will not result in the violation of any Law.
- (e) **Required Authorizations.** There is no requirement on the part of the Vendor or the Corporation to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Entity as a condition to the lawful completion of the transactions contemplated by this Agreement, except for the filings, notifications and Authorizations described in Section 3.1(e) of the Disclosure Letter or that relate solely to the identity of the Corporation or the nature of the business carried on by the Corporation prior to Closing.
- (f) **Required Consents.** There is no requirement to obtain any consent, approval or waiver of a party under any Lease or any Contract to which the Corporation is a party to any of the transactions contemplated by this Agreement, except for the consents, approvals and waivers described in Section 3.1(f) of the Disclosure Letter.
- (g) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which the Vendor or the Corporation is a party have been duly executed and delivered, in the case of the Vendor, by the trustees of the Vendor or, in the case of the Corporation, by the Corporation, as the case may be, and constitute legal, valid and binding agreements of it

enforceable against it in accordance with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

- (h) **Authorized and Issued Capital.** The authorized capital of the Corporation consists of an unlimited number of common shares and an unlimited number of Class A special shares of which (i) at this date, 75 common shares (and no more) and zero Class A special shares (and no more) have been duly issued and are outstanding as fully paid and non assessable, and (ii) at the Closing Date, 75 common shares (and no more) will be duly issued and will be outstanding as fully paid and non assessable unless otherwise agreed to by the Parties in connection with the conditions of closing contemplated by Section 6.1(m) and Section 6.2(g). All of the Purchased Shares have been issued in compliance with all applicable Laws including applicable securities Laws. The Corporation is not a reporting issuer (as such term is defined in the *Securities Act* (Ontario) and there is no published market for the Purchased Shares.
- (i) **No Other Agreements to Purchase.** Except for the Purchaser's right under this Agreement or as agreed to by the Parties in connection with the conditions of closing contemplated by Section 6.1(m) and Section 6.2(g), no Person has any written or oral agreement, option or warrant or any right or privilege (whether by Law, pre emptive or contractual) capable of becoming such for (i) the purchase or acquisition from the Vendor of any of the Purchased Shares, or (ii) the purchase, subscription, allotment or issuance of any of the unissued shares or other securities of the Corporation.
- (j) **Title to Purchased Shares.** The Purchased Shares are owned by the Vendor as the registered and beneficial owner with a good title, free and clear of all Liens other than those restrictions on transfer, if any, contained in the articles of the Corporation. Upon completion of the transaction contemplated by this Agreement, the Purchaser will have good and valid title to Purchased Shares, free and clear of all Liens other than (i) those restrictions on transfer, if any, contained in the articles of the Corporation, and (ii) Liens granted by the Purchaser.
- (k) **Dividends and Distributions.** Since the Interim Balance Sheet Date, the Corporation has not, directly or indirectly, declared or paid any dividends or declared or made any other distribution on any of its shares of any class and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares of any class or agreed to do so, except as may otherwise be agreed to by the Parties in connection with the conditions of closing contemplated by Section 6.1(m) and Section 6.2(g).

- (l) **Corporate Records.** The Corporate Records are complete and accurate and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all applicable Laws and with the articles and by-laws of the Corporation. Without limiting the generality of the foregoing (i) the minute books contain complete and accurate minutes of all meetings, if any, of the directors and shareholders held since incorporation and all such meetings, if any, were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be. The Corporation has never been subject to, or affected by, any unanimous shareholders agreement.
- (m) **Residence of the Vendor.** The Vendor is not a non resident of Canada within the meaning of the *Tax Act* and the Corporation is a registrant for purposes of any taxes imposed under Part IX of the *Excise Tax Act* (Canada).
- (n) **Competition Act.** For the purposes of section 110(3) of the *Competition Act* (Canada), each of (A) the total value of the Corporation's assets in Canada plus the assets in Canada that are owned by corporations that are controlled by the Corporation; and (B) the gross revenues from sales in or from Canada generated from the assets referred to in (A) above; measured in accordance with the *Competition Act* (Canada), are less than \$70 million or such other amount as is determined pursuant to sections 110(8) and 110(9) of the *Competition Act* (Canada)
- (o) **Canada Transportation Act.** None of the businesses of the Corporation or its subsidiaries, if any, is a transportation undertaking within the meaning of section 53.1 of the *Canada Transportation Act*.

General Matters Relating to the Business

- (p) **Conduct of Business in Ordinary Course.** Except as disclosed in Section 3.1(p) of the Disclosure Letter, since the Interim Balance Sheet Date, the Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, except as disclosed in Section 3.1(p) of the Disclosure Letter the Corporation has not:
 - (i) sold, transferred or otherwise disposed of or diminished the value of any assets used in the Business except for (A) assets which are obsolete and which individually or in the aggregate do not exceed \$10,000, (B) inventory sold in the Ordinary Course, or (C) assets which are sold, transferred or otherwise disposed of pursuant to a Material Contract and in the Ordinary Course;

- (ii) made any capital expenditure or commitment to do so which individually or in the aggregate exceeded \$100,000;
- (iii) discharged any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which individually or in the aggregate exceeded \$50,000;
- (iv) increased its indebtedness for borrowed money or made any loan or advance, or assumed, guaranteed or otherwise became liable with respect to the liabilities or obligation of any Person;
- (v) made any bonus or profit sharing distribution or similar payment of any kind except as may be required by the terms of a Material Contract, a contract listed in Section 3.1(z) of the Disclosure Letter or a Collective Agreement;
- (vi) removed any auditor or director or terminated any officer or other senior employee;
- (vii) written off as uncollectible any Accounts Receivable which individually or in the aggregate is material to the Corporation or is in excess of \$50,000;
- (viii) granted any general increase in the rate of wages, salaries, bonuses or other remuneration of any employees of the Corporation except as may be required by the terms of a Material Contract, a contract listed in Section 3.1(z) of the Disclosure Letter or a Collective Agreement;
- (ix) increased the benefits to which employees of the Corporation are entitled under any Employee Plan or created any new Employee Plan for any employee;
- (x) suffered any extraordinary loss, whether or not covered by insurance;
- (xi) suffered any material shortage or any cessation or interruption of inventory shipments, supplies or ordinary services;
- (xii) cancelled or waived any material claims or rights;
- (xiii) compromised or settled any litigation, proceeding or other governmental action relating to the Assets, the Business or the Corporation;
- (xiv) cancelled or reduced any of its insurance coverage;
- (xv) made any change in any method of accounting or auditing practice, or amended or approved any amendment to its constating documents,

by-laws or capital structure other than as may be consented to by the Parties pursuant to Section 6.1(m) and Section 6.2(g), respectively; or

- (xvi) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing other than as may be consented to by the Parties pursuant to Section 6.1(m) and Section 6.2(g), respectively.
- (q) **No Material Adverse Change.** Since the Interim Balance Sheet Date, there has not been any material adverse change in the affairs, prospects, operations or condition of the Corporation, any of the Assets or the Business and no event has occurred or circumstance exists which is outside the Ordinary Course which may result in such a material adverse change.
- (r) **Compliance with Laws.** Except as disclosed in Section 3.1(p) of the Disclosure Letter, the Corporation is conducting the Business and any past business in compliance with all applicable Laws, other than acts of non-compliance which, individually or in the aggregate, are not material.
- (s) **Authorizations.** The Corporation owns, holds, possesses or lawfully uses in the operation of the Business, all Authorizations which are necessary for it to conduct the Business as presently or previously conducted or for the ownership and use of the Assets in compliance with all applicable Laws. All Authorizations material to the Corporation or the Business are listed in Section 3.1(s) of the Disclosure Letter (the “**Material Authorizations**”). Each Material Authorization is valid, subsisting and in good standing, the Corporation is not in default or breach of any Material Authorization and, to the knowledge of the Vendor, no proceeding is pending or threatened to revoke or limit any Material Authorization. All Material Authorizations are renewable by their terms or in the ordinary course of business without the need for the Corporation to comply with any special rules or procedures, agree to any materially different terms or conditions or pay any amounts other than routine filing fees. Neither the Vendor nor any affiliate of the Vendor owns or has any proprietary, financial or other interests (direct or indirect) in any Material Authorization which the Corporation owns, possesses or uses in the operation of the Business as now or previously conducted.

Matters Relating to the Assets

- (t) **Sufficiency of Assets.** The Business is the only business operation carried on by the Corporation. The Assets include all rights and property necessary to enable the Corporation to conduct the Business after the Closing substantially in the same manner as it was conducted prior to the Closing. With the exception of inventory, motor vehicles and equipment in transit, all of the Assets are situate at the Subject Properties or, if not situate at the Subject Properties, are situate at a project site referred to in a Material Contract in the Ordinary Course or at a location of a subcontractor in the Ordinary Course.

- (u) **Title to the Assets.** The Corporation owns (with good title) all of the properties and assets (whether real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Corporation in its financial Books and Records. The Corporation has legal and beneficial ownership of the Assets free and clear of all Liens, except for Permitted Liens. No other Person owns any property or assets which are being used in the Business except for the Leased Properties, the personal property leased by the Corporation pursuant to the Material Contracts and the Intellectual Property licensed to the Corporation and disclosed in Section 3.1(dd) of the Disclosure Letter.
- (v) **No Options, etc. to Purchase Assets.** No Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase or other acquisition from the Corporation of any of the Assets, other than (i) Assets which are obsolete and which individually or in the aggregate do not exceed \$50,000 (ii) inventory to be sold in the Ordinary Course, or (iii) assets which are sold, transferred or otherwise disposed of pursuant to a Material Contract and in the Ordinary Course.
- (w) **Condition of Tangible Assets.** The buildings, plants, structures, vehicles, equipment, technology and communications hardware and other tangible personal property of the Corporation (including the Buildings and Fixtures) are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put. None of such buildings, plants, structures, vehicles, equipment or other property are in need of maintenance or repairs except for routine maintenance and repairs in the Ordinary Course that are not material in nature or cost.
- (x) **Owned Property.** The Corporation has good and marketable title to the Owned Properties free and clear of all Liens except for Permitted Liens. The Corporation is not the owner or lessee of, or subject to any agreement or option to own or lease, any real property or any interest in any real property, other than the Subject Properties. All of the Buildings and Fixtures on the Owned Properties were constructed in accordance with all applicable Laws and the Corporation has adequate rights of ingress and egress into the Owned Properties for the operation of the Business in the Ordinary Course. None of the Owned Properties or the Buildings and Fixtures thereon, nor their use, operation or maintenance for the purpose of carrying on the Business, violates any restrictive covenant or any provision of any Law or encroaches on any property owned by any other Person. No condemnation or expropriation proceeding is pending or, to the knowledge of the Vendor, threatened against any of the Owned Properties. There are no outstanding work orders from or required by any municipality, police department, fire department, sanitation, health or safety authorities or from any other Person

and there are no matters under discussion with or by the Corporation relating to any work orders.

- (y) **Leases.** The Corporation is not a party to, or under any agreement to become a party to, any lease with respect to real property other than the Leases, copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in the Leased Properties thereby demised and is in full force and effect without amendment, except as disclosed in Section 3.1(y) of the Disclosure Letter. With respect to each Lease, (i) all rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act (including the purchase of the Purchased Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default under the Lease, and (iv) to the knowledge of the Vendor, all of the covenants to be performed by any other party under the Lease have been fully performed. Each of the Leased Properties is adequate and suitable for the purposes for which it is presently being used and the Corporation has adequate rights of ingress and egress into each of the Leased Properties for the operation of the Business in the Ordinary Course. Section 3.1(y) of the Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment, change of control of the Corporation or amalgamation.
- (z) **Material Contracts.** Except for the Contracts described in Section 3.1(z) of the Disclosure Letter (collectively, the "**Material Contracts**") the Leases, the Collective Agreements, the Employee Plans listed in Section 3.1(nn) of the Disclosure Letter, the insurance policies listed in Section 3.1(oo) of the Disclosure Letter, the Contracts listed in Section 3.1(z) of the Disclosure Letter and the Contracts listed in Section 3.1(mm) of the Disclosure Letter, the Corporation is not a party to or bound by:
 - (i) any distributor, sales, advertising, agency or manufacturer's representative Contract;
 - (ii) any continuing Contract for the purchase of materials, supplies, equipment or services involving in the case of any such Contract more than \$50,000 over the life of the Contract;
 - (iii) any Contract that expires or may be renewed at the option of any Person other than the Corporation so as to expire more than one year after the date of this Agreement;

- (iv) any trust indenture, mortgage, promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, interest rate, commodities or other hedging arrangement or any leasing transaction of the type required to be capitalized in accordance with GAAP;
 - (v) any Contract for capital expenditures in excess of \$50,000 in the aggregate;
 - (vi) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of the Corporation to engage in any line of business, compete with any other Person, solicit any Persons for any purpose, operate its assets at maximum production capacity or otherwise conduct its business;
 - (vii) any Contract pursuant to which the Corporation is a lessor of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
 - (viii) any Contract with any Person with whom the Corporation or the Vendor does not deal at arm's length within the meaning of the *Tax Act*;
 - (ix) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person;
 - (x) any Contract in respect of the Intellectual Property owned by, licensed to or used by the Corporation;
 - (xi) any Contract made out of the Ordinary Course; or
 - (xii) any Contract that is material to the Business.
- (aa) **No Breach of Material Contracts.** The Corporation has performed all of the obligations required to be performed by it and is entitled to all benefits under the Material Contracts. Except as described in Section 3.1(aa) of the Disclosure Letter, the Corporation is not alleged to be in default of any material obligation under or in respect of any Material Contract. Each of the Material Contracts is in full force and effect, unamended, and there exists no default or event of default or event, occurrence, condition or act (including the purchase of the Purchased Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Material Contract. True, correct and complete copies of all Material Contracts have been delivered to the Purchaser.

- (bb) **No Breach of Other Contracts.** With respect to Contracts to which the Corporation is a party that are not Material Contracts, except for certain acts of default or breach which, in the aggregate, are not material, the Corporation has not violated or breached, in any material respect, any of the terms or conditions of any such Contract, and to the knowledge of the Vendor, except for certain failures to perform which, in the aggregate, are not material, all the covenants to be performed by any other party to such Contracts have been fully performed, in all material respects.
- (cc) **Accounts Receivable.** Except as disclosed in Section 2.4(1) of the Disclosure Letter, all Accounts Receivable are bona fide, and, subject to an allowance for doubtful accounts that has been reflected in the Books and Records in accordance with GAAP and consistent with past practice, collectible without set off or counterclaim.
- (dd) **Intellectual Property.**
 - (i) Attached as Section 3.1(dd) of the Disclosure Letter is a list of all Intellectual Property owned by or licensed to the Corporation or used by the Corporation in carrying on the Business.
 - (ii) Section 3.1(dd) of the Disclosure Letter includes complete and accurate particulars of all registrations and applications for registration of the Intellectual Property owned by the Corporation. All of the Corporation's owned Intellectual Property which has been registered or applied for has been properly maintained and renewed by the Corporation in accordance with all applicable Laws and has not been used or enforced, or failed to be used or enforced, in a manner that would result in the abandonment, cancellation or unenforceability of any rights in such Intellectual Property.
 - (iii) Except as set forth in Section 3.1(dd) of the Disclosure Letter, the Corporation owns all right, title and interest in and to the Intellectual Property owned by the Corporation, free and clear of all Liens and the Corporation has the right to use all the Intellectual Property used by it in carrying on the Business. The Corporation has taken all reasonable steps to protect its rights in and to its owned Intellectual Property, in each case in accordance with industry practice.
 - (iv) Except as set forth in Section 3.1(dd) of the Disclosure Letter, the Corporation is not a party to or bound by any Contract or other obligation that limits or impairs its ability to use, sell, transfer, assign or convey, or that otherwise affects: (i) any of the Intellectual Property owned by it or (ii) any of the Intellectual Property licensed to or used by it, the loss of which would have an adverse effect. Except as set forth in Section 3.1(dd) of the Disclosure Letter, the Corporation has not granted to any Person any right, license or permission to use all or any portion of, or otherwise encumbered any of its rights in, or to, any

of the Intellectual Property owned by, licensed to or used by the Corporation. Except as set forth in Section 3.1(dd) of the Disclosure Letter, the Corporation is not obligated to pay any royalties, fees or other compensation to any Person in respect of its ownership, use or license of any Intellectual Property.

- (v) The operation of the Business does not infringe upon the Intellectual Property rights of any Person. Except as set forth in Section 3.1(dd) of the Disclosure Letter, no claims have been asserted or are threatened by any Person alleging that the conduct of the Business, including the use of the Intellectual Property owned by, licensed to or used by the Corporation, infringes upon any of their Intellectual Property rights. To the knowledge of the Vendor, there are no valid grounds for any such bona fide claims by any such Persons alleging a conflict with or infringement of their Intellectual Property rights. To the knowledge of the Vendor, there is no state of facts that casts doubt on the validity or enforceability of any of the Intellectual Property owned by, licensed to or used by the Corporation.
- (vi) The transaction contemplated by this Agreement and the continued operation of the Business will not violate or breach the terms of any Intellectual Property license, or entitle any other party to any such Intellectual Property license to terminate or modify it, or otherwise adversely affect the Corporation's rights under it.
- (vii) The Intellectual Property owned by or licensed to the Corporation or which the Corporation otherwise has the right to use constitutes all Intellectual Property necessary for the conduct of the Business as presently conducted. Except as set forth in Section 3.1(dd) of the Disclosure Letter, following Closing, the Corporation will be entitled to continue to use, practice and exercise rights in, all of the Intellectual Property owned by, licensed to and used by the Corporation, to the same extent and in the same manner as used, practiced and exercised by the Corporation prior to Closing without financial obligation to any Person.
- (viii) Except as set forth in Section 3.1(dd) of the Disclosure Letter, to the knowledge of the Vendor, no Person is currently infringing any of the Intellectual Property owned by, licensed to or used by the Corporation.
- (ix) Except as set forth in Section 3.1(dd) of the Disclosure Letter, following the Closing, neither the Vendor nor any affiliate of the Vendor will retain or use any of the Intellectual Property owned by, licensed to or used by the Corporation in connection with the Business.

- (x) None of the Corporation's owned Intellectual Property has been developed with the assistance or use of any funding from third parties or third party agencies, including funding from any Governmental Entity.
 - (xi) Except as set forth in Section 3.1(dd) of the Disclosure Letter, all current and former employees and consultants of the Corporation whose duties or responsibilities relate to the Business have entered into confidentiality, intellectual property assignment and proprietary information agreements with and in favour of the Corporation in the form provided to the Purchaser. Each such Person has waived its non-assignable rights (including moral rights) to any Intellectual Property created by it on behalf of the Corporation.
- (ee) **Software and Technology.**
- (i) Section 3.1(ee) of the Disclosure Letter contains a complete list of Software owned by, licensed to or used by the Corporation, identifying whether such Software is (i) owned by the Corporation, (ii) customized for the Vendor, the object code and source code of which are licensed for use by the Vendor, (iii) customized for the Vendor, only the object code of which is licensed to the Vendor or (iv) off-the-shelf Software. Such Software does not contain any undisclosed program routine, device or other feature, including viruses, worms, bugs, time locks, Trojan horses or back doors, in each case that is designed to delete, disable, deactivate, interfere with or otherwise harm such Software, and any virus or other intentionally created, undocumented contaminant that may, or may be used to, access, modify, delete, damage or disable any hardware, system or data.
 - (ii) Except as set forth in Section 3.1(ee) of the Disclosure Letter, none of the Software owned by, licensed to or used by the Corporation contains any open source, "copyleft" or community source code, including any libraries or code licensed under the "General Public License", "Lesser General Public License" or any other license agreement or arrangement obliging the Corporation to make source code publicly available, whether or not approved by the "Open Source Initiative".
 - (iii) Section 3.1(ee) of the Disclosure Letter sets out the physical location of the computer servers that are currently hosting the Corporation's Internet websites. Such servers are validly owned by the Corporation. Section 3.1(ee) of the Disclosure Letter also sets out any applicable Internet hosting Contract including the term of the Contract, associated costs, corporate information of the host and amount of bandwidth to which the server is connected to the Internet. In addition, Section 3.1(ee) of the Disclosure Letter sets out the name

and IP address of the Corporation's Internet Web homepage and lists all similar names and addresses owned by the Corporation, when the homepage was granted and the date of the next annual payment. The Corporation's websites contain all legal disclaimers and privacy policies that, in accordance with industry practice, are customarily contained on websites similar to the Corporation's websites.

- (iv) Section 3.1(ee) of the Disclosure Letter contains a complete list of all business interruption plans of the Corporation and a complete list of all material interruptions in the technology support of the Corporation that have occurred in the past two years and a description of the source and the Corporation's responses to such interruption.
- (ff) **Inventories.** The inventory of the Corporation is good and usable and is capable of being processed and sold in the Ordinary Course at normal profit margins, subject to a reasonable allowance for obsolete inventory consistent with the allowances reflected in the Financial Statements and the Interim Financial Statements. The inventory levels of the Corporation have been maintained at levels sufficient for the continuation of the Business in the Ordinary Course. All inventories of the Corporation have been determined and valued in accordance with the policies, practices and procedures set forth on Section 3.1(ff) of the Disclosure Letter.
- (gg) **Subsidiaries.** The Corporation has no subsidiaries and holds no shares or other ownership, equity or proprietary interests in any other Person.

Financial Matters

- (hh) **Books and Records.** All accounting and financial Books and Records have been fully, properly and accurately kept and completed in all material respects. The Books and Records and other data and information are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which will not be available to the Corporation in the Ordinary Course.
- (ii) **Financial Statements.** The Financial Statements and the Interim Financial Statements have been prepared in accordance with GAAP applied on a basis consistent with those of previous fiscal years (subject to the exceptions set forth in Section 2.5(1) of the Disclosure Letter) and each presents fairly:
 - (i) the assets, liabilities, (whether accrued, absolute, contingent or otherwise) and financial position of the Corporation as at the respective dates of the relevant statements; and

- (ii) the sales and earnings of the Corporation during the periods covered by the Financial Statements or Interim Financial Statements, as the case may be.

True, correct and complete copies of the Financial Statements and the Interim Financial Statements are attached as Section 3.1(ii) of the Disclosure Letter.

- (jj) **No Liabilities.** The Corporation has no liabilities or obligations of any nature whatsoever, whether known, unknown, due, to become due, direct, indirect, absolute, contingent or otherwise and whether or not required to be accrued on the financial statements of the Corporation and no matter, fact, circumstance or event has occurred which will give rise to any liability or obligation after Closing of any nature whatsoever, except for, in either case, (i) liabilities and obligations reflected or reserved against in the Financial Statements or the Interim Financial Statements, (ii) current liabilities incurred after the Interim Balance Sheet Date which liabilities are in the Ordinary Course, or (iii) liabilities and obligations disclosed in the Disclosure Letter (including Section 3.1(jj) of the Disclosure Letter).
- (kk) **Bank Accounts and Powers of Attorney.** Section 3.1(kk) of the Disclosure Letter is a correct and complete list showing (i) the name of each bank in which the Corporation has an account or safe deposit box and the names of all Persons authorized to draw on the account or to have access to the safety deposit box, and (ii) the names of all Persons holding powers of attorney from the Corporation. Copies of the powers of attorney have been provided to the Purchaser.

Particular Matters Relating to the Business

- (ll) **Environmental Matters.**
 - (i) Except as set forth in Section 3.1(ll) of the Disclosure Letter, there are no contaminants located on, at or under any of the Subject Properties.
 - (ii) Except as set forth in Section 3.1(ll) of the Disclosure Letter, none of the Subject Properties (i) has ever been used by any Person as a waste disposal site or as a licensed landfill, or (ii) has ever had asbestos, asbestos-containing materials, PCBs, radioactive substances or aboveground or underground storage systems, active or abandoned, located on, at or under them.
 - (iii) Except as set forth in Section 3.1(ll) of the Disclosure Letter, to the knowledge of the Vendor, no properties adjacent to any of the Subject Properties are contaminated.
 - (iv) Except as set forth in Section 3.1(ll) of the Disclosure Letter, the Corporation has not transported, removed or disposed of any waste to a location outside of Canada.

- (v) Except as set forth in Section 3.1(II) of the Disclosure Letter, the Corporation has not been required by any Governmental Entity to (i) alter any of the Subject Properties in a material way in order to be in compliance with Environmental Laws, or (ii) perform any environmental closure, decommissioning, rehabilitation, restoration or post-remedial investigations, on, about, or in connection with any real property.
 - (vi) The Assets are capable of, and are not restricted by any Authorization or Contract from, being operated at maximum daily and annual production capacity while remaining in compliance with Environmental Laws.
 - (vii) Except as set forth in Section 3.1(II) of the Disclosure Letter, the Corporation has in place comprehensive environmental management policies which include a corporate environmental policy, an employee training program and a spill response plan and the Corporation is complying, in all material respects, with all such policies.
 - (viii) Section 3.1(II) of the Disclosure Letter lists all reports and documents relating to the environmental matters affecting the Corporation or any of the Subject Properties which are in the possession or under the control of the Vendor. Copies of all such reports and documents have been provided to the Purchaser. To the knowledge of the Vendor, there are no other reports or documents relating to environmental matters affecting the Corporation or any of the Subject Properties which have not been made available to the Purchaser whether by reason of confidentiality restrictions or otherwise.
- (mm) **Employees.**
- (i) The Corporation is in compliance with all terms and conditions of employment and all Laws respecting employment, including pay equity, wages, hours of work, overtime, human rights and occupational health and safety, and there are no outstanding claims, complaints, investigations or orders under any such Laws and to the knowledge of the Vendor there is no basis for such claim.
 - (ii) The Corporation has not and is not engaged in any unfair labour practice and no unfair labour practice complaint, grievance or arbitration proceeding is pending or, to the knowledge of the Vendor, threatened against the Corporation.
 - (iii) No collective agreement is currently being negotiated by the Corporation or any other Person in respect of employees of the Corporation and the only collective agreements in force with respect to employees of the Corporation are the Collective Agreements, true, correct and complete copies of which have been provided to the

Purchaser. There are no grievances or arbitration proceedings under the Collective Agreements, there are no written or oral agreements or course of conduct which modify the terms of the Collective Agreements and, to the knowledge of the Vendor, the Corporation has not committed any breaches of its obligations under the Collective Agreements.

- (iv) Except in respect of the Collective Agreements, no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any of the employees of the Corporation by way of certification, interim certification, voluntary recognition, or succession rights, or has applied or, to the knowledge of the Vendor, threatened to apply to be certified as the bargaining agent of any employees of the Corporation. To the knowledge of the Vendor, there are no threatened or pending union organizing activities involving any employees of the Corporation. There is no labour strike, dispute, work slowdown or stoppage pending or involving or, to the knowledge of the Vendor, threatened against the Corporation and no such event has occurred within the last five years.
- (v) No trade union has applied to have the Corporation declared a common or related employer pursuant to the *Labour Relations Act* (Ontario) or any similar legislation in any jurisdiction in which the Corporation carries on business.
- (vi) All amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, sick days and benefits under the Employee Plans have either been paid or are accurately reflected in the Books and Records. The Vendor has provided to the Purchaser all written policies or in the case of oral policies, has described same in Section 3.1(mm) of the Disclosure Letter, relating to expense reimbursement for Employees whether they are reimbursed on an individual or collective basis.
- (vii) Section 3.1(mm) of the Disclosure Letter contains a correct and complete list of each employee and independent contractor/consultant of the Corporation (excluding professional advisors), whether actively at work or not, showing without names or employee numbers their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment, cumulative length of service with the Corporation and whether they are subject to a written employment Contract. Section 3.1(mm) of the Disclosure Letter contains for each employee their annual vacation entitlement in days, their accrued and unused vacation days as of Interim Balance Sheet Date, any other annual paid time off entitlement in days and

their accrued and unused days of such other paid time off as of the Interim Balance Sheet Date.

- (viii) Except as disclosed in Section 3.1(mm) of the Disclosure Letter, no employee of the Corporation has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or severance.
 - (ix) Each independent contractor who is disclosed in Section 3.1(mm) of the Disclosure Letter has been properly classified by the Corporation as an independent contractor and the Corporation has not received any notice from any Governmental Entity disputing such classification.
 - (x) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance legislation and the Corporation has not been reassessed in any material respect under such legislation during the past three years and, to the knowledge of the Vendor, no audit of the Corporation is currently being performed pursuant to any applicable workplace safety and insurance legislation. There are no claims or potential claims which may materially adversely affect the Corporation's accident cost experience in respect of the Business.
 - (xi) The Vendor has provided to the Purchaser all orders and inspection reports under applicable occupational health and safety legislation ("OHSA") together with the minutes of the Corporation's joint health and safety committee meetings for the past three years. There are no charges pending under OHSA. The Corporation has complied in all material respects with any orders issued under OHSA and there are no appeals of any orders under OHSA currently outstanding.
- (nn) **Employee Plans.**
- (i) Section 3.1(nn) of the Disclosure Letter lists and describes all Employee Plans. The Vendor has furnished to the Purchaser true, correct and complete copies of all the Employee Plans as amended, together with all related documentation including funding and investment management agreements, summary plan descriptions, the most recent actuarial reports, financial statements, asset statements, material opinions and memoranda (whether externally or internally prepared) and material correspondence with regulatory authorities or other relevant Persons. No changes have occurred or are expected to occur which would materially affect the information contained in the actuarial reports, financial statements or asset statements required to be provided to the Purchaser.

- (ii) The Corporation does not and has never sponsored or participated in a defined benefit pension plan.
- (iii) All Employee Plans have been established, registered, administered, communicated and invested in accordance with all Laws. No fact or circumstance exists which could adversely affect the registered status of any such Employee Plan. Neither the Corporation, nor any of its agents or delegates, has breached any fiduciary obligation with respect to the administration or investment of any Employee Plan.
- (iv) The Corporation has made all contributions and paid all premiums in respect of each Employee Plan in a timely fashion in accordance with the terms of each Employee Plan and applicable Laws. The Corporation has paid in full all contributions and premiums for the period up to the Closing Date even though not otherwise required to be paid until a later date or has made full and adequate disclosure of and provision for such contributions and premiums in the Books and Records.
- (v) Other than routine claims for benefits, no Employee Plan is subject to any pending action, investigation, examination, claim (including claims for Taxes) or any other proceeding initiated by any Person, and there exists no state of facts which could reasonably be expected to give rise to any such action, investigation, examination, claim or other proceeding.
- (vi) No insurance policy or any other agreement affecting any Employee Plan requires or permits a retroactive increase in contributions, premiums or other payments due under such insurance policy or agreement. The level of insurance reserves under each insured Employee Plan is reasonable and sufficient to provide for all incurred but unreported claims.
- (vii) None of the Employee Plans (other than pension plans) provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependants of retired employees.
- (viii) Subject to the requirements of applicable Laws, no provision of any Employee Plan or of any agreement, and no act or omission of the Corporation, in any way limits, impairs, modifies or otherwise affects the right of the Corporation to unilaterally amend or terminate any Employee Plan, and no commitments to improve or otherwise amend any Employee Plan have been made.
- (ix) None of the Employee Plans enjoy any special tax status under any Laws, nor have any advance tax rulings been sought or received in respect of any Employee Plan.

- (x) All employee data necessary to administer each Employee Plan in accordance with its terms and conditions and all Laws is in possession of the Corporation and such data is complete, correct, and in a form which is sufficient for the proper administration of each Employee Plan.
- (oo) **Insurance.** The Assets are insured against loss or damage by all insurable hazards or risks on a replacement cost basis. Section 3.1(oo) of the Disclosure Letter contains a correct and complete list of insurance policies which are maintained by the Corporation setting out, in respect of each policy, the type of policy, the name of insurer, the coverage allowance, the expiration date, the annual premium and any pending claims. The Corporation is not in default with respect to any of the provisions contained in the insurance policies and has not failed to give any notice or to present any claim under any insurance policy in a due and timely fashion. To the knowledge of the Vendor, there are no circumstances in respect of which any Person could make a claim under any insurance policy. There has not been any material adverse change in the relationship of the Corporation with its insurers, the availability of coverage, or in the premiums payable pursuant to the policies. Part of Section 3.1(oo) of the Disclosure Letter is a list setting forth any and all claims, with reasonable particulars, made under any policies of insurance maintained by or for the benefit of the Corporation over the past 5 calendar years prior to this date. Copies of all insurance policies of the Corporation and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.
- (pp) **Litigation.** Except as described in Section 3.1(pp) of the Disclosure Letter, there are no (i) actions, suits or proceedings, at law or in equity, by any Person (including the Corporation), (ii) any grievance, arbitration or alternative dispute resolution process, or (iii) administrative or other proceeding by or before (or to the knowledge of the Vendor any investigation by) any Governmental Entity, pending, or, to the knowledge of the Vendor, threatened against or affecting the Corporation, the Business or any of the Assets, and, to the knowledge of the Vendor, there is no valid basis for any such action, complaint, grievance, suit, proceeding, arbitration or investigation by or against the Corporation. The Corporation is not subject to any judgment, order or decree entered in any lawsuit or proceeding nor has the Corporation settled any claim prior to being prosecuted in respect of it. Except as disclosed in Section 3.1(pp) of the Disclosure Letter, the Corporation is not the plaintiff or complainant in any action, suit or proceeding, grievance, arbitration or alternative dispute resolution process.
- (qq) **Customers and Suppliers.** Section 3.1(qq) of the Disclosure Letter is a true and correct list setting forth the five largest customers, the five largest suppliers and the five largest subcontractors of the Corporation by dollar amount as at June 30, 2012. The Vendor has no reason to believe that the benefits of any relationship with any of the major customers, suppliers or

subcontractors of the Corporation will not continue after the Closing Date in a relationship that is at least substantially the same manner as it was prior to the date of this Agreement.

(rr) **Product Warranties.** Except as described in Section 3.1(rr) of the Disclosure Letter, there are no liabilities or obligations, including product liability, product warranty or service warranty liabilities and obligations, in respect of any products or services manufactured, constructed, installed, shipped, distributed, sold or provided by the Corporation in connection with the Business prior to the date hereof and prior to the Closing Date, and there are no matters, facts, circumstances or events in existence which will give rise to such liabilities or obligations after Closing.

(ss) **Taxes.**

(i) Except as disclosed in Section 3.1(ss) of the Disclosure Letter, the Corporation has paid all Taxes which are due and payable within the time required by applicable Law, and has paid all assessments and reassessments it has received in respect of Taxes. The Corporation has made full and adequate provision in the Books and Records and Interim Financial Statements for all Taxes which are not yet due and payable but which relate to periods ending on or before the Closing Date. The Corporation has not received any refund of Taxes to which it not entitled.

(ii) The liability for Taxes of the Corporation has been assessed by all relevant Governmental Entities for all periods up to and including July 31, 2011. There are no outstanding agreements, arrangements, waivers or objections extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of Taxes or the filing of any Tax Return by, or any payment of Taxes by, the Corporation. The Corporation has not received a ruling from any Governmental Entity in respect of Taxes or signed an agreement in respect of Taxes with any Governmental Entity and, without limiting the generality of the foregoing, the Corporation is not a party to or bound by any obligation under any Tax sharing or allocation agreement or similar contract or arrangement (whether or not written) nor does the Corporation owe any amount under any such agreement.

(iii) There are no claims, actions, suits, audits, proceedings, investigations or other action pending or threatened in writing against the Corporation in respect of Taxes and, to the knowledge of the Vendor, there is no reason to expect that any such claim, action, suit, audit, proceeding, investigation or other action may be asserted against the Corporation by a Governmental Entity for any period ending on or prior to the Closing Date. The Corporation is not negotiating any final or draft assessment or reassessment in respect of Taxes with any

Governmental Entity and the Corporation has not received any indication from any Governmental Entity that an assessment or reassessment is proposed or may be proposed in respect of any Taxes for any period ending on or prior to the Closing Date. There are no facts of which the Corporation or the Vendor is aware which would constitute grounds for the assessment or reassessment of Taxes payable by the Corporation for any period ending on or prior to the Closing Date, except in respect of Taxes that are provided for in the Books and Records and Interim Financial Statements. The Vendor is not aware of any contingent liabilities of the Corporation for Taxes or any grounds for an assessment or reassessment of Taxes including, without limitation, the treatment of income, expenses, credits or other claims for deduction under any Tax Return.

- (iv) Except as disclosed in Section 3.1(ss) of the Disclosure Letter, the Corporation has withheld and collected all amounts required by applicable Law to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity within the time prescribed under any applicable Law.
- (v) Except as disclosed in Section 3.1(ss) of the Disclosure Letter, there are no circumstances existing which could result in the application of sections 17, 78, 79, or 80 to 80.04 of the *Tax Act*, or any equivalent provision under applicable provincial law, to the Corporation. The Corporation has not claimed nor will it claim any reserve under any provision of the *Tax Act* or any equivalent provincial provision, if any amount could be included in the income of the Corporation for any period ending after the Closing Date.
- (vi) The Corporation is not subject to any liability for Taxes of any other Person, other than Taxes for which the Corporation is liable as a supplier in connection with the collection and remittance of harmonized sales tax and Taxes in respect of its employees for which the Corporation is liable to withhold and remit.
- (vii) Except as disclosed in Section 3.1(ss) of the Disclosure Letter, the Corporation has filed or caused to be filed with the appropriate Governmental Entity, within the times and in the manner prescribed by applicable Law, all federal, provincial, local and foreign Tax Returns which are required to be filed by or with respect to it. The information contained in such Tax Returns is correct and complete and such Tax Returns reflect accurately all liability for Taxes of the Corporation for the periods covered thereby.
- (viii) The Corporation is not subject to any joint venture, partnership or other arrangement or contract that is treated as a partnership for income tax purposes in any jurisdiction.

- (ix) To the knowledge of the Vendor, no claim has ever been made by a Governmental Entity in respect of Taxes in a jurisdiction where the Corporation does not file Tax Returns that the Corporation is or may be subject to Tax by that jurisdiction.
- (tt) **Privacy.** Except as disclosed in Section 3.1(tt) of the Disclosure Letter, the Corporation is conducting the Business in compliance with all applicable Laws governing privacy and the protection of personal information, including the *Personal Information Protection and Electronic Documents Act* ("PIPEDA"), other than acts of non-compliance which individually or in the aggregate are not material.
- (uu) **Full Disclosure.** Neither this Agreement nor any Ancillary Agreement to which the Vendor or the Corporation is a party (i) contains any untrue statement of a material fact in respect of the Vendor, the affairs, prospects, operations or condition of the Corporation, the Assets or the Business, or (ii) omits any statement of a material fact necessary in order to make the statements in respect of the Vendor, the affairs, prospects, operations or condition of the Corporation, the Assets or the Business contained herein or therein not misleading. There is no fact known to the Corporation or the Vendor which materially and adversely affects the affairs, prospects, operations or condition of the Corporation, the Assets or the Business which has not been set forth in this Agreement (including the Disclosure Letter).

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Section 4.1 **Representations and Warranties of the Purchaser.**

The Purchaser represents and warrants as follows to the Vendor and acknowledges and agrees that the Vendor is relying on such representations and warranties in connection with its sale of the Purchased Shares:

- (a) **Incorporation and Corporate Power.** The Purchaser is a corporation incorporated and existing under the laws of Canada and its principal place of business is in Ontario. The Purchaser has the corporate power and authority to enter into and perform its obligations under this Agreement and each of the Ancillary Agreements to which it is a party.
- (b) **Corporate Authorization.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Ancillary Agreements to which it is a party and the consummation of the transactions contemplated by them have been duly authorized by all necessary corporate action on the part of the Purchaser.
- (c) **No Conflict.** The execution and delivery of and performance by the Purchaser of this Agreement and each of the Ancillary Agreements to which it is a party:

- (i) do not and will not (or would not with the giving of notice, the lapse of time or the happening of any other event or condition) constitute or result in a violation or breach of, or conflict with, or allow any other Person to exercise any rights under, any of the terms or provisions of its constating documents or by-laws;
 - (ii) do not and will not (or would not with the giving of notice, the lapse of time or the happening or any other event or condition) constitute or result in a breach or violation of, or conflict with or allow any other Person to exercise any rights under, any of the terms or provisions of any Contracts or instruments to which it is a party; and
 - (iii) do not and will not result in the violation of any Law.
- (d) **Execution and Binding Obligation.** This Agreement and each of the Ancillary Agreements to which the Purchaser is a party have been duly executed and delivered by the Purchaser and constitute legal, valid and binding agreements of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.
- (e) **Capitalization and Listing.**
 - (i) The authorized share capital of the Purchaser consists of an unlimited number of Bellair Shares. As at the date hereof, there were: (A) 17,308,600 Bellair Shares validly issued and outstanding as fully-paid and non-assessable shares of the Purchaser; (B) 5,266,800 share purchase warrants with respect to Bellair Shares, on a 1:1 basis; and (C) 1,199,240 share purchase options with respect to Bellair Shares, on a 1:1 basis, representing, in the aggregate, 23,774,640 Bellair Shares on a fully-diluted basis. Except for the securities referred to in this Section 4.1(e)(i), as at July 12, 2012 there were no options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations of the Purchaser to issue or sell any shares of the Purchaser or securities or obligations of any kind convertible into, exchangeable for or otherwise carrying the right or obligation to acquire any shares of the Purchaser and there are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments of the Purchaser based upon the book value, income or any other attribute of the Purchaser. No Person is entitled to any pre-emptive or other similar right granted by the Purchaser. The Bellair Shares are listed on the TSXV and are not listed or quoted on any market other than the TSXV.

- (ii) There are no outstanding contractual obligations of the Purchaser to repurchase, redeem or otherwise acquire any Bellair Shares.
- (iii) All Share Consideration will, when issued in accordance with the terms of this Agreement be duly authorized, validly issued, fully-paid and non-assessable Bellair Shares.
- (f) **Shareholder and Similar Agreements.** The Purchaser is not party to any shareholder, pooling, voting trust or other similar agreement relating to the Bellair Shares.

ARTICLE 5

PRE-CLOSING COVENANTS OF THE PARTIES

Section 5.1 Conduct of Business Prior to Closing.

- (1) During the Interim Period the Vendor shall cause the Corporation to conduct the Business in the Ordinary Course.
- (2) Without limiting the generality of Section 5.1(1), the Vendor shall cause the Corporation to:
 - (a) use its commercially reasonable best efforts to preserve intact the current business organization of the Corporation, keep available the services of the present employees and agents of the Corporation and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Corporation;
 - (b) subject to applicable Laws, confer with the Purchaser concerning operational matters of a material nature;
 - (c) use its commercially reasonable best efforts to retain possession and control of the Assets and preserve the confidentiality of any confidential or proprietary information of the Business or the Corporation;
 - (d) use its best efforts to not cause or permit to exist a breach of any representations and warranties of the Vendor contained in this Agreement and to conduct the Business in such a manner that on the Closing Date such representations and warranties will be true, correct and complete as if they were made on and as of such date; and
 - (e) otherwise periodically report to the Purchaser concerning the state of the Business and the Corporation.

Section 5.2 Access for Due Diligence.

- (1) Subject to applicable Law, during the Interim Period, the Vendor shall (i) upon reasonable notice, permit the Purchaser and its employees, agents, counsel,

- accountants or other representatives, lenders, potential lenders and potential investors to have reasonable access during normal business hours to (A) the premises of the Corporation, (B) the Assets, including all Books and Records whether retained by the Vendor, the Corporation or otherwise, (C) all Contracts and Leases, and (D) the senior personnel of the Corporation, so long as the access does not unduly interfere with the ordinary conduct of the Business; and (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other representatives, lenders, potential lenders and potential investors such financial and operating data and other information with respect to the Assets and the Corporation as the Purchaser from time to time reasonably requests. Despite the previous sentence, the Purchaser shall not conduct any invasive environmental testing or assessments without the prior written consent of the Vendor and any applicable landlord.
- (2) No investigations made by or on behalf of the Purchaser, whether under this Section 5.2 or any other provision of this Agreement or any Ancillary Agreement, will have the effect of waiving, diminishing the scope of, or otherwise affecting any representation or warranty made in this Agreement or any Ancillary Agreement.

Section 5.3 Purchaser Confidentiality.

Until the Closing and in the event of termination of this Agreement without Closing, the Purchaser shall keep confidential and shall not use for any improper purpose or disclose to any other Person any information obtained from the Vendor, the Corporation or their respective agents and representatives, unless such information (i) is or becomes generally available to the public other than as a result of a disclosure in violation of this Agreement, (ii) becomes available to the Purchaser on a non-confidential basis from a source other than the Vendor, the Corporation or their respective agents and representatives, unless the Purchaser knows that such source is prohibited from disclosing the information to the Purchaser by a contractual, fiduciary or other legal obligation to the Vendor or the Corporation, or (iii) was known to the Purchaser on a non-confidential basis before its disclosure to the Purchaser by the Vendor, the Corporation or their respective agents and representatives. In the event the Purchaser is required by Law or by any by-law, rule or policy of any stock exchange to disclose any confidential information, the Purchaser shall, to the extent not prohibited by applicable Law or by any by-law, rule or policy of any stock exchange, provide the Vendor with prompt notice of such requirements so that the Vendor may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section 5.3. Subject to the next sentence, if this Agreement is terminated, promptly after such termination the Purchaser shall return or cause to be returned or destroyed all documents, work papers and other material (whether in written, printed, electronic or computer printout form and including all copies) obtained from the Vendor, the Corporation or their respective agents and representatives in connection with this Agreement and not previously made public together with all derivative materials prepared or created by the Purchaser. The Purchaser may retain one copy of all such documents, work papers and other materials in a sealed envelope left with its solicitors, which sealed envelope is not to be opened except in circumstances where this Agreement or the transaction contemplated herein are the subject of litigation or otherwise with the consent of the Vendor.

Section 5.4 Actions to Satisfy Closing Conditions.

- (1) The Vendor shall take all such actions as are within its power to control and shall use its best efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1 including ensuring that during the Interim Period and at Closing, there is no breach of any of its representations and warranties.
- (2) Subject to Section 5.7, the Purchaser shall take all such actions as are within its power to control and shall use its best efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 6.1(m) including ensuring that during the Interim Period and at Closing, there is no breach of any of its representations and warranties.

Section 5.5 Transfer of the Purchased Shares.

The Vendor shall take all necessary steps and corporate proceedings to permit good title to the Purchased Shares to be duly and validly transferred and assigned to the Purchaser at the Closing, free of all Liens other than the restrictions on transfer, if any, contained in the articles of the Corporation.

Section 5.6 Request for Consents.

The Vendor shall use its commercially reasonable efforts to obtain or cause to be obtained, prior to Closing, all consents, approvals and waivers that are required by the terms of the Leases and the Contracts to which the Corporation is a party in order to complete the transactions contemplated by this Agreement, including the consents, approvals and waivers described in Section 3.1(f) of the Disclosure Letter. Such consents, approvals and waivers will be upon such terms as are acceptable to the Purchaser, acting reasonably. The Purchaser shall co-operate in obtaining such consents, approvals and waivers.

Section 5.7 Filings and Authorizations.

- (1) Each of the Parties, as promptly as practicable after the execution of this Agreement, shall (i) make, or cause to be made, all filings and submissions under all Laws applicable to it, that are required for it to consummate the purchase and sale of the Purchased Shares in accordance with the terms of this Agreement, (ii) use its commercially reasonable efforts to obtain, or cause to be obtained, all Authorizations necessary or advisable to be obtained by it in order to consummate such transfer, and (iii) use its commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement.
- (2) The Parties will coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with this Section 5.7 including providing each other with advanced copies and reasonable opportunity to comment on all notices and information supplied to or filed with any Governmental Entity (including notices and information which a Party, acting reasonably, considers highly confidential and sensitive which may be provided on a confidential and

privileged basis to outside counsel of the other Party), and all notices and correspondence received from any Governmental Entity. To the extent that any information or documentation to be provided by the Vendor to the Purchaser pursuant to this Section 5.7 is competitively sensitive, such information may be provided only to external counsel for the Purchaser on an external counsel only basis.

- (3) Despite Section 5.7(1) and Section 5.7(2) above, the Purchaser is under no obligation to (i) negotiate or agree to the sale, divestiture or disposition by the Purchaser of its or its affiliates' assets, properties or businesses or the Corporation's or its subsidiaries' assets, properties or businesses, (ii) negotiate or agree to any form of behavioural remedy including an interim or permanent hold separate order, or any form of undertakings or other restrictions on its or its affiliates' assets, properties or businesses or the Corporation or its subsidiaries or any of their assets, properties or businesses, or (iii) take any steps or actions that would, in the sole discretion of the Purchaser, affect the Purchaser's right to own, use or exploit either the Assets or any of the Purchaser's assets.

Section 5.8 Notice of Untrue Representation or Warranty.

The Vendor shall promptly notify the Purchaser, and the Purchaser shall promptly notify the Vendor, upon any representation or warranty made by it contained in this Agreement or any Ancillary Agreement becoming untrue or incorrect during the Interim Period and for the purposes of this Section 5.8 each representation and warranty will be deemed to be given at and as of all times during the Interim Period. Any such notification must set out particulars of the untrue or incorrect representation or warranty and details of any actions being taken by the Vendor or the Purchaser, as the case may be, to rectify that state of affairs.

Section 5.9 Exclusive Dealing.

During the Interim Period, neither the Vendor nor any of the Principals shall, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, or enter into any agreement with, any Person (other than Purchaser and its Affiliates) relating to any transaction involving the sale of any shares of the Vendor or the Corporation or the sale of the Business or any of the Assets (other than in the Ordinary Course as permitted in this Agreement) or any other business combination, other than as may be consented to by the Parties pursuant to Section 6.1(m) and Section 6.2(g), respectively.

Section 5.10 Term Loan Advance.

Within the later of (a) 15 Business Days after the date of this Agreement and (b) two Business Days after the date the TSXV gives its approval for the Purchaser to advance such loan, the Purchaser shall advance a loan to the Corporation for a principal amount equal to \$500,000 and in consideration therefor the Corporation shall upon receipt of such amount execute and deliver to the Purchase a promissory note substantially in the form attached hereto as **Exhibit B** and a security agreement substantially in the form attached hereto as

Exhibit C, each with such amendments as the TSXV may require in connection with its approval of such advance.

ARTICLE 6 CONDITIONS OF CLOSING

Section 6.1 Conditions for the Benefit of the Purchaser.

The purchase and sale of the Purchased Shares is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Vendor contained in this Agreement or in any Ancillary Agreement were true and correct as of the date of this Agreement and are true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date, except that any such representations or warranties which make reference to the Interim Financial Statements shall be true and correct as of the Closing Date as if such representations and warranties make reference instead to the 2012 Financial Statements, and the Vendor shall have executed and delivered a certificate of a senior officer with respect to the whole of the foregoing. The receipt of such certificate and the Closing will not constitute a waiver by the Purchaser of any of the representations and warranties of the Vendor which are contained in this Agreement or in any Ancillary Agreement. Upon the delivery of such certificate, the representations and warranties of the Vendor in Article 3 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (b) **Performance of Covenants.** The Vendor shall have fulfilled or complied with all covenants contained in this Agreement and in any Ancillary Agreement required to be fulfilled or complied with by it at or prior to the Closing, and the Vendor shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing will not constitute a waiver by the Purchaser of any of the covenants of the Vendor which are contained in this Agreement or any Ancillary Agreement.
- (c) **Consents and Authorizations.** All consents, approvals and waivers listed in Section 3.1(f) of the Disclosure Letter and all filings, notices and Authorizations listed in Section 3.1(e) of the Disclosure Letter, will have been made, given or obtained on terms acceptable to the Purchaser, acting reasonably, and the TSXV Approval will have been obtained on terms (including undertakings) acceptable to the Purchaser in its sole discretion, and all such consents, approvals, waivers, filings, notifications and Authorizations will be in force and will not have been modified.

- (d) **Due Diligence.** The Purchaser shall have completed its investigation into the Corporation, the Business, the Books and Records, the Vendor's title to the Purchased Shares, the Assets (including the Owned Properties) and all other matters it deems relevant and such investigation will not have disclosed any matter which the Purchaser, acting reasonably, considers to be materially adverse to the Corporation, the Business or the Assets or materially adverse to its decision to acquire the Purchased Shares. As part of such investigation, the Purchaser shall have received an independent accountant's report on the Corporation in form and substance satisfactory to the Purchaser, acting reasonably.
- (e) **Deliveries.** The Vendor shall deliver or cause to be delivered to the Purchaser the following in form and substance satisfactory to the Purchaser, acting reasonably:
 - (i) share certificates representing the Purchased Shares duly endorsed in blank for transfer, or accompanied by irrevocable security transfer powers of attorney duly executed in blank, in either case by the holders of record, together with evidence satisfactory to the Purchaser that the Purchaser or its nominee(s) have been entered upon the books of the Corporation as the holder of the Purchased Shares;
 - (ii) certified copies of (i) the trust agreement of the Vendor, (ii) the charter documents and by-laws of the Corporation, (iii) all resolutions of the trustees of the Vendor approving the entering into and completion of the transaction contemplated by this Agreement and the Ancillary Agreements, (iv) all resolutions of the shareholders and the board of directors of the Corporation approving the entering into and completion of the transaction contemplated by this Agreement and the Ancillary Agreements, and (v) a list of the trustees of the Vendor and the directors and officers of the Corporation authorized to sign this agreements together with their specimen signatures;
 - (iii) a certificate of status, compliance, good standing or like certificate with respect to the Corporation issued by appropriate government officials of its jurisdictions of incorporation and of each jurisdiction in which the Corporation carries on its business as listed in Section 3.1(a) of the Disclosure Letter;
 - (iv) evidence satisfactory to the Purchaser, acting reasonably, that the Vendor is a trust formed and existing in good status on the Closing Date;
 - (v) the certificates referred to in Section 6.1(a) and Section 6.1(b);
 - (vi) an opinion of counsel to the Vendor and the Corporation in form and substance reasonably customary for transactions of the nature of the transaction contemplated by this Agreement and otherwise

satisfactory to legal counsel for the Vendor and to legal counsel for the Purchaser, each acting reasonably;

- (vii) an estoppel certificate or landlord's acknowledgement and consent from each lessor under each of the Leases, confirming the matters set forth in Section 3.1(y);
- (viii) evidence satisfactory to the Purchaser, acting reasonably, that the Leases shall have been registered on title to the Leased Premises, to the extent that such registration is permitted by the terms of the applicable Lease, and copies of non-disturbance agreements in favour of the Corporation with each of the secured creditors of the landlords, each in form and substance satisfactory to the Purchaser, acting reasonably, shall have been delivered to the Purchaser;
- (ix) a consent from Edward J. Winter to act as a director of the Purchaser;
- (x) evidence satisfactory to the Purchaser, acting reasonably, that the obligation to pay or otherwise maintain any life or other insurance policy for which the Corporation is not the sole beneficiary have been terminated;
- (xi) evidence that all necessary steps and proceedings as approved by counsel for the Purchaser to permit all of the Purchased Shares to be transferred to the Purchaser or its nominee(s) have been taken;
- (xii) non competition and confidentiality agreements duly executed by each the Vendor, Edward J. Winter, Marco Edward Winter and such other Persons as the Purchaser may reasonably request, all in form and substance satisfactory to the Parties, acting reasonably;
- (xiii) employment agreements duly executed by the Corporation and each Edward J. Winter and Marco Winter, all in form and substance satisfactory to the Parties acting reasonably;
- (xiv) a release in favour of the Purchaser and the Corporation in form and substance satisfactory to the Vendor and the Purchaser, acting reasonably, from the Vendor and Edward J. Winter and Marco Edward Winter, in their respective capacities as employees, directors and officers of the Corporation, as applicable;
- (xv) evidence satisfactory to the Purchaser, acting reasonably, that the Corporation shall have been released from any and all obligations relating to any Permitted Lien identified in Section 3.1(t) of the Disclosure Letter as needing to be discharged on or before the Closing Date and that all security given by the Corporation in connection thereto shall have been wholly discharged and released, all in form and substance satisfactory to the Purchaser, acting reasonably; and

- (xvi) evidence satisfactory to the Purchaser, acting reasonably, that all loans advanced to the Corporation by any shareholders, director or officer of the Corporation or any other Person not dealing at arm's length with any of the foregoing, including without limitation, the Vendor, Edward Winter, Norma Winter and 2155067 Ontario Inc., shall have been satisfied in full and any security related thereto discharged and release, each in form and substance satisfactory to the Purchaser, acting reasonably.
- (f) **Audited Statements.** The Vendor shall have caused the Corporation to prepare the 2012 Financial Statements and to have the 2011 Financial Statements and the 2012 Financial Statements audited by Deloitte & Touche LLP in accordance with GAAP with comparative audited statements prepared pursuant to the international financial reporting standards ("IFRS") as contemplated by GAAP. In addition, the Vendor shall have delivered, or caused to be delivered, copies of the 2011 Financial Statements, the 2012 Financial Statements and the comparative audited statements prepared in accordance with IFRS to the Purchaser together with the reports of the auditors thereon.
- (g) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated by this Agreement and any Ancillary Agreement are reasonably satisfactory in form and substance to the Purchaser, acting reasonably, and the Purchaser shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all necessary proceedings in connection therewith.
- (h) **No Legal Action.** No action or proceeding will be pending or threatened by any Person (other than the Purchaser) in any jurisdiction, and no order or notice will have been made, issued or delivered by any Governmental Entity, seeking to enjoin, restrict or prohibit, or enjoining, restricting or prohibiting, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any temporary or permanent terms or conditions on the transactions contemplated by this Agreement, the Business or the business of the Purchaser including requiring that any assets or shares be held separate or divested or requiring any form of behavioural or other remedy or otherwise limiting the right of the Purchaser to conduct its business or the Business after Closing on substantially the same basis as heretofore operated.
- (i) **Shareholder Approval.** If shareholder approval of the Purchaser is or may reasonably be required prior to the consummation of the transactions contemplated by this Agreement pursuant to the TSXV Policy Manual, a majority of the shareholders of the Purchaser shall have approved the consummation of the transactions contemplated by this Agreement in such manner as the TSXV Policy Manual requires.

- (j) **Term Loan Approval.** The TSXV shall have approved of the advance of the loan referred to in Section 5.10.
- (k) **Lease Amendments.** If, as a result of the Purchaser's due diligence investigation the Purchaser determines the rental rates charged for any Leased Premises under the applicable Lease is greater than the rental rates for premises of comparable size, location and use, the Vendor and the Corporation shall have caused the Leases to be amended, in form and substance satisfactory to the Vendor and the Purchaser acting reasonably, so that the rental rates are no more than the rates charged for such comparable premises.
- (l) **TSXV Approval.** The TSXV shall have issued conditional and final acceptance letters in respect of the Purchaser's acquisition of the Purchased Shares as contemplated by this Agreement (the "**TSXV Approval**"), in form and substance satisfactory to the Purchaser in its sole discretion.
- (m) **Pre-Closing Reorganization.** The Corporation shall have completed on or before Closing a reorganization satisfactory to the Vendor and the Purchaser, acting reasonably, which shall include the filing of articles of amendment amending the share provisions of the Corporation in a manner satisfactory to the Vendor and the Purchaser, acting reasonably.

Section 6.2 Conditions for the Benefit of the Vendor.

The purchase and sale of the Purchased Shares is subject to the following conditions being satisfied on or prior to the Closing Date, which conditions are for the exclusive benefit of the Vendor and may be waived, in whole or in part, by the Vendor in its sole discretion:

- (a) **Truth of Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement and in any Ancillary Agreement are true and correct as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of such date and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing will not constitute a waiver of the representations and warranties of the Purchaser which are contained in this Agreement or any Ancillary Agreement. Upon delivery of such certificate, the representations and warranties of the Purchaser in Article 4 will be deemed to have been made on and as of the Closing Date with the same force and effect as if made on and as of such date.
- (b) **Performance of Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement and in any Ancillary Agreement required to be fulfilled or complied with by it at or prior to Closing and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect. The receipt of such certificate and the Closing will

not constitute a waiver by the Vendor of the covenants of the Purchaser which are contained in this Agreement or any Ancillary Agreement).

- (c) **Deliveries.** The Purchaser shall deliver or cause to be delivered to the Vendor the following in form and substance satisfactory to the Vendor, acting reasonably:
 - (i) certified copies of (i) the charter documents and extracts from the by-laws of the Purchaser relating to the execution of documents, (ii) all resolutions of the shareholders and the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement and the Ancillary Agreements, and (iii) a list of its officers and directors authorized to sign agreements together with their specimen signatures;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government official of the jurisdiction of its incorporation;
 - (iii) the certificates referred to in Section 6.2(a) and Section 6.2(b);
 - (iv) evidence the Holdback Shares have been reserved for and allotted to the Vendor;
 - (v) evidence that Edward J. Winter has been elected or appointed a director of the Purchaser;
 - (vi) employment agreements duly executed by the Corporation and each Edward J. Winter and Marco Winter, all in form and substance satisfactory to the Parties acting reasonably; and
 - (vii) an opinion of counsel to the Purchaser in form and substance reasonably customary for transactions of the nature of the transaction contemplated by this Agreement and otherwise satisfactory to legal counsel for the Vendor and to legal counsel for the Purchaser, each acting reasonably.
- (d) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement and any Ancillary Agreement are reasonably satisfactory in form and substance to the Vendor, acting reasonably, and the Vendor shall have received copies of all the instruments and other evidence as it may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.
- (e) **No Legal Action.** No action or proceeding will be pending or threatened by any Person (other than the Vendor, the Purchaser or the Corporation) and no order or notice will have been made, issued or delivered by any

Governmental Entity seeking to enjoin, restrict or prohibit, or enjoining, restricting or prohibiting, on a temporary or permanent basis any of the transactions contemplated by this Agreement or imposing any temporary or permanent terms or conditions on the transactions contemplated by this Agreement.

- (f) **Term Loan.** The TSXV shall have approved of, and the Purchaser shall have advanced, the loan referred to in Section 5.10.
- (g) **Pre-Closing Reorganization.** The Corporation shall have completed on or before Closing a reorganization satisfactory to the Vendor and the Purchaser, acting reasonably, which shall include the filing of articles of amendment amending the share provisions of the Corporation in a manner satisfactory to the Vendor and the Purchaser, acting reasonably.

ARTICLE 7 CLOSING

Section 7.1 Date, Time and Place of Closing.

The completion of the transaction of purchase and sale contemplated by this Agreement will take place at the offices of Stikeman Elliott LLP, Suite 5300, Commerce Court West, Toronto, Ontario, at 10:00 a.m. (Toronto time) on the Closing Date or at such other place, on such other date and at such other time as may be agreed upon in writing between the Vendor and the Purchaser.

Section 7.2 Closing Procedures.

Subject to satisfaction or waiver by the relevant Party of the conditions of closing, on the Closing Date, the Vendor shall deliver actual possession of the Purchased Shares to the Purchaser and upon such delivery the Purchaser shall pay or satisfy the Purchase Price in accordance with Section 2.3.

Section 7.3 Risk of Loss.

If, prior to Closing, all or any material part of the Assets are destroyed or damaged by fire or any other casualty or are appropriated, expropriated or seized by any Governmental Entity, the Purchaser shall have the option, exercisable by notice in writing given within 4 Business Days of the Purchaser receiving notice in writing from the Vendor of such destruction, damage, expropriation or seizure:

- (a) to reduce the Purchase Price by an amount equal to the cost of repair, or, if destroyed or damaged beyond repair, by an amount equal to the replacement cost of the Assets so damaged or destroyed and to complete the purchase provided all proceeds of insurance for such damage or destruction are paid to the Vendor immediately upon receipt; or
- (b) to complete the transaction contemplated in this Agreement without reduction of the Purchase Price, in which event (i) all proceeds of any

insurance (other than business interruption insurance as provided in (ii) below) or compensation for expropriation or seizure will be retained by the Corporation, and (ii) all proceeds of any business interruption insurance which compensates for business lost during the Interim Period less the sum of all deductibles on all other insurance will be paid to the Vendor immediately upon receipt; or

- (c) to terminate this Agreement and not complete the transaction contemplated in this Agreement, in which case all obligations of the Purchaser and the Vendor (save and except for their respective obligations under Section 5.3, Section 11.3, Section 11.4 and Section 11.6 which will survive) will terminate immediately upon the Purchaser giving notice as required herein.

ARTICLE 8 TERMINATION

Section 8.1 Termination Rights.

This Agreement may, by notice in writing given prior to or on the Closing Date, be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (a) by the Purchaser, if, by the Outside Date, the conditions set forth in Section 6.1 shall not have been satisfied, complied with or performed (unless such failure of satisfaction, compliance or performance is primarily the result, directly or indirectly, of any action or failure to act on the part of the Purchaser), and the Purchaser shall not have waived such failure of satisfaction, compliance or performance;
- (b) by the Vendor, if, by the Outside Date, the conditions set forth in Section 6.1(m) shall not have been satisfied, complied with or performed (unless such failure of satisfaction, compliance or performance is primarily the result, directly or indirectly, of any action or failure to act on the part of the Vendor), and the Vendor shall not have waived such failure of satisfaction, compliance or performance;
- (b) by the Vendor if any of the conditions in Section 6.1(m) have not been satisfied as of the Closing Date and the Vendor has not waived such condition at or prior to Closing;
- (c) in the circumstances and upon the terms set out in Section 7.3;
- (d) by either Party if the Closing has not occurred by the end of the day on the Outside Date, provided that a Party may not terminate this Agreement under this Section 8.1(d) if it has failed to perform any one or more of its material obligations or covenants under this Agreement required to be performed at

or prior to Closing and the Closing has not occurred because of such failure;
and

- (c) by either Party if the consummation of any of the transactions contemplated by this Agreement would violate any non-appealable final order, decree or judgment of any Government Entity having competent jurisdiction.

Section 8.2 Effect of Termination.

- (1) Each Party's right of termination under this Article is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in this Article limits or affects any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement. If a Party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non-fulfilment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part.
- (2) If this Agreement is terminated pursuant to Section 8.1, all obligations of the Parties under this Agreement will terminate, except that:
 - (a) each Party's obligations under Section 5.3, Section 11.3, Section 11.4 and Section 11.6 will survive; and
 - (b) if this Agreement is terminated by a Party because of a breach of this Agreement by the other Party or because a condition for the benefit of the terminating Party has not been satisfied because the other Party has failed to perform any of its obligations or covenants under this Agreement which are reasonably capable of being performed or caused to be performed by such Party, the terminating Party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 9 INDEMNIFICATION

Section 9.1 Liability for Representations and Warranties.

- (1) The representations and warranties contained in this Agreement, any Ancillary Agreement and the certificates to be delivered pursuant to Section 6.1(a) and Section 6.1(a) will survive the Closing and continue in full force and effect for a period of two years after the Closing Date, except that:
 - (a) the representations and warranties set out in Section 3.1(a), Section 3.1(c), Section 3.1(d), Section 3.1(e), Section 3.1(f), Section 3.1(g), Section 3.1(h), Section 3.1(i), Section 3.1(j), Section 4.1(a), Section 4.1(b), Section 4.1(c), Section 4.1(d), and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a)

will survive and continue in full force and effect without limitation of time; and

- (b) the representations and warranties set out in Section 3.1(ss) (and the corresponding representations and warranties set out in the certificates to be delivered pursuant to Section 6.1(a)), will survive and continue in full force and effect until 6 months after the expiration of the period (the “**tax assessment period**”) during which any tax assessment may be issued by a Governmental Entity in respect of any taxation year to which such representations and warranties extend. The tax assessment period will be determined without regard to any consent, waiver, agreement or other document, made or filed after the Closing Date that extends the period during which a Governmental Entity may issue a tax assessment. A tax assessment includes any assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Law; and
 - (c) there is no limitation as to time for claims involving fraud or fraudulent misrepresentation.
- (2) No Party has any obligation or liability with respect to any representation or warranty made by such Party in this Agreement, any Ancillary Agreement or the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a) after the end of the applicable time period specified in Section 9.1(1) except for claims relating to the representations and warranties that the Party has been notified of prior to the end of the applicable time period.

Section 9.2 No Effect of Knowledge.

The right to indemnification or other remedy of any Party based on the representations, warranties, covenants and obligations contained in this Agreement, any Ancillary Agreement and the certificates to be delivered pursuant to Section 6.1(a) and Section 6.2(a), exists notwithstanding the Closing and notwithstanding any investigation or knowledge acquired prior to the Closing.

Section 9.3 Indemnification in Favour of the Purchaser.

- (1) Subject to Section 9.5, the Vendor and the Principals shall jointly and severally indemnify and save each of the Purchaser and the Corporation and their respective shareholders, directors, officers, employees, agents and representatives harmless of and from, and shall pay for, any Damages suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with, or arising out of, under, or pursuant to:
- (a) any breach or inaccuracy of any representation or warranty given by the Vendor contained in this Agreement, any Ancillary Agreement or the certificate to be delivered pursuant to Section 6.1(a);
 - (b) any failure of the Vendor or the Principals to perform or fulfil any of their respective covenants or obligations under this Agreement or any Ancillary

Agreement or the Corporation to perform or fulfil any of its covenants or obligations under any Ancillary Agreement;

- (c) any failure of the Vendor to transfer good and valid title to the Purchased Shares to the Purchaser, free and clear of all Liens other than (i) those restrictions on transfer, if any, contained in the articles of the Corporation, and (ii) Liens granted by the Purchaser; and
 - (d) any failure of the Corporation to remit to the appropriate Governmental Entity any amounts required to be submitted by it within the time prescribed under any applicable Law on account of any Tax accruing on or before the Closing Date.
- (2) The right to indemnification under Section 9.3(1)(c) exists notwithstanding Section 9.1 and notwithstanding any representation and warranty in Article 3.

Section 9.4 Indemnification in Favour of the Vendor.

- (1) Subject to Section 9.5, the Purchaser shall indemnify and save the Vendor and its trustees, beneficiaries, settlors, employees, agents and representatives harmless of and from, and shall pay for, any Damages suffered by, imposed upon or asserted against it or any of them as a result of, in respect of, connected with, or arising out of, under or pursuant to:
- (a) any breach or inaccuracy of any representation or warranty given by the Purchaser contained in this Agreement, any Ancillary Agreement or the certificate to be delivered pursuant to Section 6.2(a); and
 - (b) any failure of the Purchaser to perform or fulfil any of its covenants or obligations under this Agreement or any Ancillary Agreement.

Section 9.5 Limitations on Indemnification.

- (1) The Vendor shall have no obligation to make any payment for Damages (for indemnification or otherwise) with respect to the matters described in Section 9.3(1)(a) or Section 9.3(1)(c) until the total of all Damages with respect to such matters exceeds \$250,000.00. Once the total of all Damages with respect to such matters exceeds \$250,000.00, the Vendor shall be fully liable for all such Damages, both below and above such amount, up to a maximum of an amount equal to the Purchase Price.
- (2) Section 9.5(1) will not apply to, and the Vendor shall be liable for all Damages with respect to: (i) any breach or inaccuracy of the representations and warranties given by the Vendor in Section 3.1(a), Section 3.1(b), Section 3.1(c), Section 3.1(d), Section 3.1(e), Section 3.1(g), Section 3.1(h), Section 3.1(i), Section 3.1(j), or Section 3.1(t); (ii) any claims for indemnification arising pursuant to a breach or inaccuracy of the representations or warranties referred to in (i) of this Section 9.5(2); (iii) any breach or inaccuracy of any of the Vendor's representations and warranties of which the Vendor had knowledge at any time prior to the date on which such

representation and warranty was made; (iv) any claim involving fraud or fraudulent misrepresentation; or (v) any intentional breach by the Vendor of any covenant or obligation under this Agreement.

- (3) The Purchaser shall have no obligation to make any payment for Damages (for indemnification or otherwise) with respect to the matters described in Section 9.4(1)(a) until the total of all Damages with respect to such matters exceeds \$250,000.00. Once the total of all Damages with respect to such matters exceeds \$250,000.00, the Purchaser shall be fully liable for all such Damages, both below and above the threshold amount, up to a maximum of an amount equal to the Purchase Price.
- (4) Section 9.5(3) will not apply to, and the Purchaser will be liable for all Damages with respect to: (i) any breach or inaccuracy of the representations and warranties given by the Purchaser in Article 4; (ii) any claims for indemnification arising from a breach or inaccuracy of the representations and warranties given by the Purchaser in Article 4; (iii) any breach or inaccuracy of any of the Purchaser's representations and warranties of which the Purchaser had knowledge at any time prior to the date on which such representation and warranty was made; or (iv) any claim involving fraud or fraudulent misrepresentation.
- (5) For purposes of determining whether a threshold in Section 9.5(1) or Section 9.5(3) has been met, Damages in respect of claims by a Party for indemnification or otherwise which have not been asserted will be included and nothing will preclude or prevent such Party from entering into evidence in connection with any claim the amount of such Damages.

Section 9.6 Notification.

- (1) If a Third Party Claim is instituted or asserted against an Indemnified Person, the Indemnified Person shall promptly notify the Indemnifying Party in writing of the Third Party Claim. The notice must specify in reasonable detail, the identity of the Person making the Third Party Claim and, to the extent known, the nature of the Damages and the estimated amount needed to investigate, defend, remedy or address the Third Party Claim.
- (2) If an Indemnified Person becomes aware of a Direct Claim, the Indemnified Person shall promptly notify the Indemnifying Party in writing of the Direct Claim.
- (3) Notice to an Indemnifying Party under this Section 9.6 of a Direct Claim or a Third Party Claim is assertion of a claim for indemnification against the Indemnifying Party under this Agreement. Upon receipt of such notice, the provisions of Section 9.9 will apply to any Third Party Claim and the provisions of Section 9.8 will apply to any Direct Claim.
- (4) The omission to notify the Indemnifying Party shall not relieve the Indemnifying Party from any obligation to indemnify the Indemnified Person, unless the notification occurs after the expiration of the specified period set out in Section 9.1 or

(and only to that extent that) the omission to notify materially prejudices the ability of the Indemnifying Party to exercise its right to defend provided in Section 9.9.

Section 9.7 Limitations Periods.

- (1) Notwithstanding the provisions of the *Limitations Act, 2002* (Ontario) or any other statute, a proceeding in respect of a claim for indemnification or otherwise arising from any breach or inaccuracy of any representation or warranty in this Agreement may be commenced on or before the first anniversary of the date on which the Party making the representation or warranty was notified of the claim, so long as the Party was notified of the claim prior to the end of the applicable time period specified in Section 9.1(1). Any applicable limitation period is extended or varied to the full extent permitted by Law to give effect to this Section 9.7(1).
- (2) Notwithstanding the provisions of the *Limitations Act, 2002* (Ontario) or any other statute, a proceeding in respect of a claim for indemnification under Section 9.3(1)(c) may be commenced on or before the first anniversary of the date on which the Indemnifying Party was notified of the claim. Any applicable limitation period is extended or varied to the full extent permitted by Law to give effect to this Section 9.7(2).

Section 9.8 Direct Claims.

- (1) Following receipt of notice of a Direct Claim, the Indemnifying Party has 60 days to investigate the Direct Claim and respond in writing. For purposes of the investigation, the Indemnified Person shall make available to the Indemnifying Party the information relied upon by the Indemnified Person to substantiate the Direct Claim, together with such other information as the Indemnifying Party may reasonably request.
- (2) If the Indemnifying Party disputes the validity or amount of the Direct Claim, the Indemnifying Party shall provide written notice of the dispute to the Indemnified Person within the 60 day period specified in Section 9.8(1). The dispute notice must describe in reasonable detail the nature of the Indemnifying Party's dispute. During the 30 day period immediately following receipt of a dispute notice by the Indemnified Person, the Indemnifying Party and the Indemnified Person shall attempt in good faith to resolve the dispute. If the Indemnifying Party and the Indemnified Person fail to resolve the dispute within that 30 day time period, the Indemnified Person is free to pursue all rights and remedies available to it, subject only to this Agreement. If the Indemnifying Party fails to respond in writing to the Direct Claim within the 60 day period specified in Section 9.8(1), the Indemnifying Party is deemed to have agreed to the validity and amount of the Direct Claim and shall promptly pay in full the amount of the Direct Claim to the Indemnified Person.

Section 9.9 Procedure for Third Party Claims.

- (1) Subject to the terms of this Section, upon receiving notice of a Third Party Claim, the Indemnifying Party may participate in the investigation and defence of the Third Party Claim and may also elect to assume the investigation and defence of the Third Party Claim.

- (2) The Indemnifying Party may not assume the investigation and defence of a Third Party Claim if:
 - (a) it relates to Taxes of the Indemnified Person, nor may the Indemnifying Party participate in the investigation and defence of such a claim;
 - (b) the Indemnifying Party is also a party to the Third Party Claim and the Indemnified Person determines in good faith that joint representation would be inappropriate;
 - (c) the Indemnifying Party fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend the Third Party Claim and provide indemnification with respect to the Third Party Claim;
 - (d) the Indemnifying Party does not unconditionally acknowledge in writing its obligation to indemnify and hold the Indemnified Person harmless with respect to the Third Party Claim; or
 - (e) the Third Party Claim seeks relief against the Indemnified Person other than monetary damages or the Indemnified Person determines in good faith that there is a reasonable probability that the Third Party Claim may adversely affect it or its affiliates (as such term is defined in National Instrument 45-106) and the Indemnified Person has notified the Indemnifying Party that it will exercise its exclusive right to defend, compromise or settle the Third Party Claim.
- (3) In order to assume the investigation and defence of a Third Party Claim, the Indemnifying Party must give the Indemnified Person written notice of its election within 15 days of Indemnifying Party's receipt of notice of the Third Party Claim.
- (4) If the Indemnifying Party assumes the investigation and defence of a Third Party Claim:
 - (a) the Indemnifying Party shall pay for all costs and expenses of the investigation and defence of the Third Party Claim except that the Indemnifying Party shall not, so long as it diligently conducts such defence, be liable to the Indemnified Person for any fees of other counsel or any other expenses with respect to the defence of the Third Party Claim, incurred by the Indemnified Person after the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim;
 - (b) the Indemnifying Party shall reimburse the Indemnified Person for all costs and expenses incurred by the Indemnified Person in connection with the investigation and defence of the Third Party Claim prior to the date the Indemnifying Party validly exercised its right to assume the investigation and defence of the Third Party Claim;

- (c) the Indemnified Person shall not contact or communicate with the Person making the Third Party Claim without the prior written consent of the Indemnifying Party, unless required by applicable Law;
 - (d) legal counsel chosen by the Indemnifying Party to defend the Third Party Claim must be satisfactory to the Indemnified Person, acting reasonably; and
 - (e) the Indemnifying Party may not compromise and settle or remedy, or cause a compromise and settlement or remedy, of a Third Party Claim without the prior written consent of the Indemnified Person, which consent may not be unreasonably withheld or delayed.
- (5) If the Indemnifying Party (i) is not entitled to assume the investigation and defence of a Third Party Claim under Section 9.9(2), (ii) does not elect to assume the investigation and defence of a Third Party Claim or (iii) assumes the investigation and defence of a Third Party Claim but fails to diligently pursue such defence, or the Indemnified Person concludes that the Third Party Claim is not being defended to its satisfaction, acting reasonably, the Indemnified Person has the right (but not the obligation) to undertake the defence of the Third Party Claim. In the case where the Indemnifying Party fails to diligently pursue the defence of the Third Party Claim or the Indemnified Person concludes that the Third Party Claim is not being defended to its satisfaction, acting reasonably, the Indemnified Person may not assume the defence of the Third Party Claim unless the Indemnified Person gives the Indemnifying Party written demand to diligently pursue the defence and the Indemnifying Party fails to do so within 14 days after receipt of the demand, or such shorter period as may be required to respond to any deadline imposed by a court, arbitrator or other tribunal.
- (6) If, under Section 9.9(5), the Indemnified Person undertakes the investigation and defence of a Third Party Claim, the Indemnified Person may compromise and settle the Third Party claim but the Indemnifying Party shall not be bound by any compromise or settlement of the Third Party Claim effected without its consent (which consent may not be unreasonably withheld or delayed).
- (7) The Indemnified Person and the Indemnifying Party agree to keep each other fully informed of the status of any Third Party Claim and any related proceedings and to use their reasonable efforts to minimize Damages with respect to any Third Party Claim. If the Indemnifying Party assumes the investigation and defence of a Third Party Claim, the Indemnified Person shall, at the request and expense of the Indemnifying Party, use its reasonable efforts to make available to the Indemnifying Party, on a timely basis, those employees whose assistance, testimony or presence is necessary to assist the Indemnifying Party in investigating and defending the Third Party Claim. The Indemnified Person shall, at the request and expense of the Indemnifying Party, make available to the Indemnifying Party, or its representatives, on a timely basis all documents, records and other materials in the possession, control or power of the Indemnified Person, reasonably required by the Indemnifying Party for its use solely in defending any Third Party Claim which it has elected to assume the investigation and defence of. The Indemnified Person shall

cooperate on a timely basis with the Indemnifying Party in the defence of any Third Party Claim.

Section 9.10 Adjustment to Purchase Price.

Any payment made by the Vendor as an Indemnifying Party pursuant to this Article 9 will constitute a dollar-for-dollar decrease of the Purchase Price and any payment made by the Purchaser as an Indemnifying Party pursuant to this Article 8 will constitute a dollar-for-dollar increase of the Purchase Price.

**ARTICLE 10
POST-CLOSING COVENANTS**

Section 10.1 Access to Books and Records.

For a period of two years from the Closing Date or such longer period as may be required by Law, the Purchaser shall retain all original Books and Records relating to the Corporation that are part of the Books and Records existing on the Closing Date, but the Purchaser shall not be responsible or liable to the Vendor for or as a result of any accidental loss or destruction of or damage to any such Books and Records. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendor shall, at any time upon reasonable request during normal business hours and upon reasonable notice, have the reasonable right to inspect and to make copies (at its own expense) of those Books and Records relevant to any investigation conducted by the Vendor or its representatives in connection with any matter for which the Vendor is obligated to indemnify any Person pursuant to this Agreement and for the Vendor's own income tax purposes, provided there shall be no undue interference to the business operations of the Corporation for. The Purchaser shall have the right to have its representatives present during any such inspection.

Section 10.2 Vendor Confidentiality.

After the Closing, the Vendor shall keep confidential all information in its possession or under its control relating to the Corporation and the Business, unless such information is or becomes generally available to the public other than as a result of a disclosure by the Vendor in violation of this Agreement.

Section 10.3 Further Assurances.

From time to time after the Closing Date, each Party shall, at the request of any other Party, execute and deliver such additional conveyances, transfers and other assurances as may be reasonably required to effectively transfer the Purchased Shares to the Purchaser and carry out the intent of this Agreement and any Ancillary Agreement.

**ARTICLE 11
MISCELLANEOUS**

Section 11.1 Notices.

Any notice, direction or other communication given regarding the matters contemplated by this Agreement or any Ancillary Agreement (each a “**Notice**”) must be in writing, sent by personal delivery or courier and addressed:

- (a) to the Purchaser at:

509-10 Bellair St
Toronto, ON M5R 3T8

Attention: Emlyn David

- (b) to the Vendor at:

254 Attwell Drive
Toronto, Ontario M9W 5B2

Attention: Edward Winter

With a copy to:

Barry D. Fisher
Fisher Law Office
4950 Yonge Street, Suite 1906
Toronto, Ontario M2N 6K1

- (c) to the Principals at:

Edward J. Winter
254 Attwell Drive
Toronto, Ontario M9W 5B2

Marco Edward Winter
254 Attwell Drive
Toronto, Ontario M9W 5B2

With a copy to:

Barry D. Fisher
Fisher Law Office
4950 Yonge Street, Suite 1906
Toronto, Ontario M2N 6K1

A Notice is deemed to be given and received on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise

on the next Business Day. A Party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to the Vendor's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that Party.

Section 11.2 Time of the Essence.

Time is of the essence in this Agreement.

Section 11.3 Brokers.

The Vendor shall indemnify and save harmless the Purchaser and the Corporation from and against any and all claims, losses and costs whatsoever for 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 the Vendor or the Corporation. The Purchaser shall indemnify and save harmless the Vendor from and against any and all claims, losses and costs whatsoever for 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 the Purchaser. These indemnities are not subject to any of the limitations set out in Article 9.

Section 11.4 Announcements.

No press release, public statement or announcement or other public disclosure (a "**Public Statement**") with respect to this Agreement or the transactions contemplated in this Agreement may be made prior to Closing except with the prior written consent and joint approval of the Vendor and the Purchaser, or if required by Law or a Governmental Entity. Where the Public Statement is required by Law or a Governmental Entity, the Party required to make the Public Statement will use its commercially reasonable efforts to obtain the approval of the other Party as to the form, nature and extent of the disclosure. After the Closing, any Public Statement by the Vendor may be made only with the prior written consent and approval of the Purchaser unless the Public Statement is required by Law or a Governmental Entity, in which case the Vendor shall use its commercially reasonable efforts to obtain the approval of the Purchaser as to the form, nature and extent of the disclosure.

Section 11.5 Third Party Beneficiaries.

Except as otherwise provided in Section 9.3 and Section 9.4, the Vendor and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties, including the trustees of the Vendor acting in their capacities as trustees. Except for the Indemnified Persons, no Person, other than the Parties, is entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum. The Parties reserve their right to vary or rescind the rights at any time and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

Section 11.6 Expenses.

Except as otherwise expressly provided in this Agreement, each Party will pay for its own costs and expenses incurred in connection with this Agreement, the Ancillary Agreements and the transactions contemplated by them. The fees and expenses referred to in this Section 11.6 are those which are incurred in connection with the negotiation, preparation, execution and performance of this Agreement, and the transactions contemplated by this Agreement, including the fees and expenses of legal counsel, investment advisers and accountants. Each of the Parties acknowledge that the fees incurred in respect of the preparation and auditing of the Financial Statements and the 2012 Financial Statements, as contemplated by this Agreement, shall be for the account of the Corporation.

Section 11.7 Amendments.

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

Section 11.8 Waiver.

No waiver of any of the provisions of this Agreement or any Ancillary Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 11.9 Non-Merger.

Except as otherwise expressly provided in this Agreement, the covenants, representations and warranties will not merge on and will survive the Closing. Notwithstanding the Closing or any investigation made by or on behalf of any Party, the covenants, representations and warranties will continue in full force and effect. Closing will not prejudice any right of one Party against any other Party in respect of anything done or omitted under this Agreement or in respect of any right to damages or other remedies.

Section 11.10 Entire Agreement.

This Agreement, together with the Ancillary Agreements, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties with respect to such transactions. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement or any Ancillary Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement and the Ancillary Agreements. If there is any conflict or inconsistency between the provisions of this Agreement and the provisions of any Ancillary Agreement, the provisions of this Agreement will govern.

Section 11.11 Successors and Assigns.

- (1) This Agreement becomes effective only when executed by the Vendor and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Vendor, the Purchaser and their respective successors and permitted assigns.
- (2) Except as provided in this Section 11.11, neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by the Vendor or the Purchaser without the prior written consent of the other of them, which consent, in the case of the Vendor, shall not be unreasonably withheld or delayed.

Section 11.12 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by an arbitrator or any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 11.13 Governing Law.

- (1) This Agreement is governed by and will be interpreted and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 11.14 Counterparts.

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF the Parties have executed this Share Purchase Agreement.

BELLAIR VENTURES INC.

By: "Emlyn J. David"

Emlyn J. David
Authorized Signing Officer

THE EDWARD J. WINTER FAMILY TRUST

By: "Edward J. Winter"

Edward J. Winter
Trustee

"Norma Winter"

By:

Norma Winter
Trustee

"Edward J. Winter"

EDWARD J. WINTER

"Marco Edward Winter"

MARCO EDWARD WINTER

Exhibit A - Definitions

"2011 Financial Statements" means the unaudited review engagement financial statements of the Corporation for the fiscal year ended July 31, 2011 consisting of a balance sheet and the accompanying statement of income and deficit and statement of cash flows, together with a review engagement report of the auditors, Deloitte and Touche LLP, Chartered Accountants.

"2012 Financial Statements" means the audited financial statements of the Corporation for the fiscal year ended July 31, 2012 consisting of a balance sheet and the accompanying statement of income and deficit and statement of cash flows, together with a report of the auditors, Deloitte & Touche LLP, Chartered Accountants.

"Accounts Receivable" means all accounts receivable, notes receivable and other debts due or accruing due to the Corporation.

"Agreement" means this share purchase agreement and any amendment thereto and all schedules and exhibits attached to it or contemplated hereunder, including the Disclosure Letter.

"Ancillary Agreements" means all agreements, certificates and other instruments delivered or given pursuant to this Agreement.

"Assets" means all property and assets of the Corporation of every nature and kind and wheresoever situate, including (i) the Owned Properties and the Buildings and Fixtures located thereon, (ii) all machinery, equipment, technology and communications hardware and infrastructure, furniture, accessories and supplies of all kinds, (iii) all trucks, cars and other vehicles, (iv) all inventories, (v) all Accounts Receivable and the full benefit of all security for the Accounts Receivable, (vi) all prepaid expenses, (vii) the leasehold interest of the Corporation in and to the Leased Properties, (viii) all right, title and interest of the Corporation in and to the Intellectual Property owned by, licensed to or used by the Corporation, (ix) the full benefit of all Contracts to which the Corporation is a party and the Leases, and (x) the Books and Records and the Corporate Records.

"Authorization" means, with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person.

"Bellair Share Price" means \$0.55 per Bellair Share or such other amount as the TSXV requires as a condition of the TSXV Approval and which is acceptable to the Vendor and the Purchaser, acting reasonably.

"Bellair Shares" means common shares in the capital of the Purchaser.

"Books and Records" means all information in any form relating to the Business, including books of account, financial and accounting information and records, personnel records, tax records, sales and purchase records, customer and supplier lists, lists of potential customers, referral sources, research and development reports and records, production reports and

records, equipment logs, operating guides and manuals, business reports, plans and projections, marketing and advertising materials and all other documents, files, correspondence and other information (whether in written, printed, electronic or computer printout form, or stored on computer discs or other data and software storage and media devices).

"Buildings and Fixtures" means all plant, buildings, structures, erections, improvements, appurtenances and fixtures (including fixed machinery and fixed equipment) situate on any of the Subject Properties.

"Business" means the mechanical contracting and related business conducted by the Corporation.

"Business Day" means any day of the year, other than a Saturday or Sunday or any other day on which major banks are closed for business in Toronto, Ontario.

"Closing" means the completion of the transaction of purchase and sale contemplated in this Agreement.

"Closing Date" means (a) the later of the Outside Date and the date that is 3 Business Days following the day on which the last of the conditions of Closing set out in Article 6 (other than those conditions that by their nature can only be satisfied as of the Closing Date) has been satisfied or waived by the appropriate Party, or (b) such earlier or later date as the Parties may agree in writing.

"Closing Shares" has the meaning specified in Section 2.3(1)(d).

"Closing Working Capital Statement" has the meaning specified in Section 2.5(4) or Section 2.5(5), as the case may be.

"Collective Agreements" means the collective agreements binding the Corporation and all related documents including letters of understanding, letters of intent and other written communications with bargaining agents for employees of the Corporation, which impose any obligations upon the Corporation, all as listed and described in Section 3.1(mm) of the Disclosure Letter.

"Contract" means any agreement, contract, licence, undertaking, engagement or commitment of any nature, written or oral, including any: (i) lease of personal property; (ii) unfilled purchase order; (iii) forward commitment for supplies or materials entered into in the Ordinary Course; or (iv) restrictive agreement or negative covenant agreement.

"Corporation" means Urban Mechanical Contracting Ltd., an Ontario corporation.

"Corporate Records" means the corporate records of the Corporation, including (i) all constating documents and by-laws, (ii) all minutes of meetings and resolutions of shareholders and directors (and any committees), and (iii) the share certificate books, securities register, register of transfers and register of directors.

“Damages” means any losses, liabilities, damages or expenses (including legal fees and expenses on a full indemnity basis without reduction for tariff rates or similar reductions) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, or a cause, matter, thing, act, omission or state of facts not involving a third party.

“Direct Claim” means any cause, matter, thing, act, omission or state of facts not involving a Third Party Claim which entitles an Indemnified Person to make a claim for indemnification under this Agreement.

“Disclosure Letter” means the disclosure letter dated the date of this Agreement and delivered by the Vendor to the Purchaser with this Agreement.

“Draft Working Capital Statement” has the meaning specified in Section 2.5(1).

“Employee Plans” means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Corporation maintained, sponsored or funded by the Corporation, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered under which the Corporation may have any liability, contingent or otherwise.

“Environmental Laws” means all applicable Laws and agreements with Governmental Entities and all other statutory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such Laws, agreements or statutory requirements.

“Financial Statements” means the audited financial statements of the Corporation for the fiscal years ended July 31, 2009 and 2010, respectively, consisting in each case of a balance sheet and the accompanying statement of income and deficit and statement of cash flows, together with a report of the auditors, Deloitte and Touche LLP, Chartered Accountants and the 2011 Financial Statements.

“GAAP” means generally accepted accounting principles as set out in the Canadian Institute of Chartered Accountants Handbook-Accounting, as applicable, at the relevant time applied on a consistent basis, including, unless the applicable terms of the Agreement require otherwise, the applicable principles set out therein for the accounting standards for private enterprise (ASPE).

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, county, municipal, local or other governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, board, bureau, agency, commissioner, tribunal or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any stock exchange and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

“Holdback Release Date” has the meaning specified in Section 2.4(1).

“Holdback Shares” has the meaning specified in Section 2.3(1)(c).

“Indemnified Person” means a Person with indemnification rights or benefits under Section 9.3 or Section 9.4 or otherwise under this Agreement.

“Indemnifying Party” means a Party against which a claim may be made for indemnification under this Agreement, including pursuant to Article 8.

“Intellectual Property” means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) Software; and (viii) any other intellectual property and industrial property.

“Interim Balance Sheet Date” means April 30, 2012.

“Interim Financial Statements” means the unaudited, management prepared financial statements of the Corporation as at the Interim Balance Sheet Date consisting of a balance sheet and the accompanying unaudited income statement of the Corporation for the nine month period then ended.

“Interim Period” means the period between the close of business on the date of this Agreement and the Closing.

“Laws” means any and all applicable (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws; (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity; and (iii) to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity.

“Leased Properties” means the lands and premises listed and described in Section 3.1(y) of the Disclosure Letter by reference to their municipal address and proper legal description.

“Leases” means the leases of the Leased Properties described in Section 3.1(y) of the Disclosure Letter.

“Lien” means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant or other encumbrance of any nature which, in substance, secures payment or performance of an obligation.

“Long-Term Debt” means all non-trade related debt, including operating loans, loans to non-arm’s length parties (as that term is defined in the Tax Act), term debt, capital leases, shareholder loans, accrued bonuses and any other interest-bearing debt owing by the Corporation, but excluding motor vehicle leases of the Corporation, whether capital or otherwise, listed in Section 3.1(z) of the Disclosure Letter. For greater certainty, Long-Term Debt includes all indebtedness of the Corporation owing to Cangap Merchant Capital L.P., to Roynat Inc. and to Urban Alliance Inc. as well as the non-arm’s length indebtedness of the Corporation owing to the Vendor, each Principal, Norma Winter, any immediate family member of a Principal and 2155067 Ontario Inc.

“Material Authorizations” has the meaning specified in Section 3.1(s).

“Material Contracts” has the meaning specified in Section 3.1(z).

“Notice” has the meaning specified in Section 11.1.

“Outside Date” means (a) November 30, 2012 provided that the Purchaser may elect by notice in writing delivered prior to the Outside Date to extend the Outside Date by consecutive periods of up to 10 Business Days if the Closing has not occurred by the Outside Date as a result of the failure to obtain TSXV Approval and if the Purchaser reasonably believes that the TSXV Approval is capable of being obtained prior to the Outside Date as it may be so extended and provided further that such extensions may not exceed 60 days in the aggregate; or (b) such earlier or later date as the Parties may agree in writing.

“Ordinary Course” means, with respect to an action taken by a Person, that such action is consistent with the past practices of the Person and is taken in the ordinary course of the normal day-to-day operations of the Person.

“Owned Properties” means the lands and premises listed and described in Section 3.1(x) of the Disclosure Letter by reference to their municipal addresses and proper legal descriptions.

“Parties” means the Vendor and the Purchaser and any other Person who may become a party to this Agreement.

“Permitted Liens” means, in respect of the Corporation, any one or more of the following:

- (a) Liens for Taxes which are not delinquent;
- (b) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, carriers, storers, repairers and others in respect of the construction, maintenance, storage, repair or operation of the Assets, provided that such Liens are related to obligations not due or

delinquent, are not registered against title to any Assets and in respect of which adequate holdbacks are being maintained as required by applicable Law;

- (c) the right reserved to or vested in any Governmental Entity by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Corporation, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition of their continuance; and
- (d) Liens listed and described in Section 3.1(t) of the Disclosure Letter but only to the extent such Liens conform to their description in Section 3.1(t) of the Disclosure Letter.

“Person” means an individual, partnership, limited partnership, limited liability partnership, corporation, limited liability company, unlimited liability company, joint stock company, trust, unincorporated association, joint venture or other entity or Governmental Entity, and pronouns have a similarly extended meaning.

“Public Statement” has the meaning specified in Section 11.4.

“Purchase Price” has the meaning specified in Section 2.2.

“Purchased Shares” has the meaning specified in Section 2.1.

“Share Consideration” has the meaning specified in Section 2.3(1)(d).

“Software” means computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs.

“Subject Properties” means the Owned Properties and the Leased Properties.

“Tax Act” means the *Income Tax Act*, R.S.C. 1985 (5th Supp.) c.1, as amended.

“Tax Returns” means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed in respect of Taxes.

“Taxes” means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health,

employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

"Third Party Claim" means any action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third party, including a Governmental Entity, against an Indemnified Person which entitles the Indemnified Person to make a claim for indemnification under this Agreement.

"TSXV" means the TSX Venture Exchange.

"TSXV Approval" has the meaning specified in Section 6.1(j).

"TSXV Policy Manual" means the TSX Venture Exchange Corporate Finance Manual as published at www.tmx.com, as may be amended from time to time.

"Working Capital" means, at any time, the amount by which the current assets of the Corporation exceed the current liabilities of the Corporation.

"Working Capital Target" means \$3,000,000.

Exhibit B – Form of Promissory Note

See attached.

Exhibit C - Form of Security Agreement

See attached.