

COURT FILE NUMBER 25-1402739

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

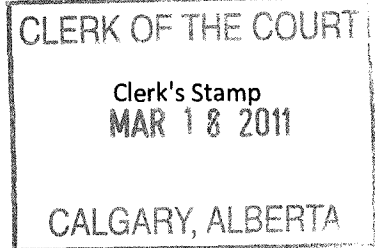
APPLICANT **RSM Richter Inc., Receiver and Manager of P3C Manufacturing Group Inc.**

RESPONDENT **Albers Family Holding Corporation**

DOCUMENT **SECOND REPORT TO THE COURT OF RSM RICHTER INC. AS RECEIVER
AND MANAGER OF P3C MANUFACTURING GROUP INC. DATED MARCH
18, 2011**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Fasken Martineau DuMoulin LLP
3400 First Canadian Centre
350 7th Avenue SW
Calgary, Alberta T2P 3N9
Phone: 403-261-6163
Fax: 888-804-9502
Attention: Frank R. Dearlove





RSM Richter

**Second Report of RSM Richter Inc.
In the Matter of the Receivership of
P3C Manufacturing Group Inc.**

RSM Richter Inc.
Calgary, March 18, 2011

Table of Contents

1.0 INTRODUCTION1

2.0 BACKGROUND 2

3.0 SALE OF P3C'S EDMONTON ASSETS 2

4.0 ESTIMATED RECEIPTS AND DISBURSEMENTS..... 3

5.0 RECEIVER'S ACTIVITIES 3

6.0 CONCLUSIONS/RECOMMENDATIONS 4

Index of Appendices

Purchase and Sale Agreement	“A”
Estimated Statement of Realization	“B”

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL DISTRICT OF CALGARY**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF
P3C MANUFACTURING GROUP INC.**

AND

**IN THE MATTER OF THE RECEIVERSHIP OF
P3C MANUFACTURING GROUP INC.**

**RECEIVER'S SECOND REPORT
March 18, 2011**

1.0 INTRODUCTION

- 1.1 This report is filed by RSM Richter Inc. ("Richter") in its capacity as interim receiver and receiver and manager (the "Receiver") of P3C Manufacturing Group Inc. ("P3C" and/or the "Company"), pursuant to an order of the Court of Queen's Bench of Alberta (the "Court") made on September 15, 2010 (the "Receivership Order").
- 1.2 Richter is also the trustee in bankruptcy of P3C. P3C was deemed to have made an assignment in bankruptcy on September 3, 2010. The Receiver last reported to the Court on October 27, 2010 (the "First Report").
- 1.3 The purpose of this report is to:
- a) Respectfully recommend that this Honourable Court grant an order approving the sale of the assets of P3C to 1594279 Alberta Ltd. ("159"); and
 - b) Outline and update the Court on the activities of the Receiver to date.

Currency

- 1.4 All currency references are in Canadian dollars unless otherwise noted.

Terms of Reference

- 1.5 In preparing this Report, Richter has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. Richter has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on management's assumptions regarding future events; actual results achieved may vary

from this information and these variations may be material. As such, Richter expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by Richter, in preparing this Report.

2.0 BACKGROUND

Calgary Operations

- 2.1 P3C was engaged in the manufacturing of electronics, provision of engineering services and production of various metalwork products. P3C operated out of locations in both Calgary and Edmonton, Alberta. The Calgary location was used by P3C's engineering team and for its metal manufacturing process.
- 2.2 The Calgary operations were discontinued prior to the receivership. All of the assets located in Calgary were sold at auction on November 24, 2010. The Court approved the sale of the Calgary assets by auction on November 1, 2010. The auction of the Calgary assets was successful. The proceeds received by the Receiver totaled \$670,611.43, approximately \$260,000 more than the auctioneer's net minimum guarantee of \$407,000.
- 2.3 The Calgary operations generated considerable hazardous waste. The Receiver engaged Hazco Environmental Services to remove the hazardous waste from the premises. The estimated cost to remove the waste ranged between \$125,000 and \$150,000 based on quotes received. The Receiver is waiting for final invoices. Certain chemicals could not be disposed of in Alberta and were shipped to appropriate disposal facilities in Eastern Canada which added to the costs and the time frame to dispose of the hazardous materials.
- 2.4 The Calgary premises were returned to the landlord on December 29, 2010. The Receiver paid occupancy rent totaling \$246,233.28.

Edmonton Operations

- 2.5 The Receiver continued P3C's operations in Edmonton. The cash flows during the receivership period are negative in an amount of approximately \$40,000. The Receiver continued the Edmonton operations to maximize the value to be realized therefrom for the benefit of P3C's creditors.

3.0 SALE OF P3C'S EDMONTON ASSETS

- 3.1 The Receiver was contacted by five parties expressing interest in P3C's assets. The Receiver provided each party with a listing of the assets and facilitated tours of the Edmonton premises and related assets.
- 3.2 Four offers were submitted to the Receiver. Three of the offers were for approximately the same amount. The Receiver approached those parties and negotiated a final sale price of \$575,000. A purchase and sale agreement with 159 was executed on March 18, 2011 and is attached hereto as Appendix "A".
- 3.3 159 has agreed to assume the lease for the Edmonton premises. The Receiver has kept all lease payments current.

- 3.4 It is the Receiver's view that the sale process employed was appropriate in the circumstances and that \$575,000, represents a fair and reasonable selling price for P3C's Edmonton assets. The Receiver recommends that the sale to 159 be approved by this Honourable Court.
- 3.5 The Receiver has filed a separate report with this Court ("Confidential Supplementary Receiver's Report") with respect to the appraisal and sale process for P3C's assets. The Receiver has requested that the Confidential Supplementary Receiver's Report be sealed as its contents may negatively affect a future sale process should this sale not be concluded.

4.0 ESTIMATED STATEMENT OF REALIZATION

- 4.1 The Canada Revenue Agency ("CRA") has filed claims with the Receiver totaling \$1,125,516.45 for outstanding payroll remittances. CRA's claim comprises a deemed trust portion of \$755,899.11 and interest and penalties thereon of \$369,617.34 (which is an unsecured claim). The deemed trust portion of CRA's claim ranks in priority to all other creditors.
- 4.2 P3C has filed with CRA a claim for Scientific Research and Experimental Development (SR&ED) credits totaling approximately \$211,000. The SR&ED claim may reduce the amount owing to CRA. This claim is currently under review by the CRA and the Receiver expects the claim to be assessed by June 2011. It is the Receiver's understanding that CRA will apply any SR&ED refund against amounts owed by P3C to CRA, firstly to interest and penalties.
- 4.3 The Receiver has prepared an estimated statement of realization ("ESR") in respect of the receivership (Appendix "B"). The ESR reflects that CRA's deemed trust claim is estimated to be paid in full. It is unlikely there will be any additional proceeds for distribution to other creditors.

5.0 RECEIVER'S ACTIVITIES

- 5.1 Since the date of the First Report the Receiver has carried out, among other things, the following:
- Preparing for the auction sale of P3C's Calgary assets, addressing the hazardous waste at the Calgary location and returning the Calgary premises to the landlord;
 - Operating the Edmonton facility including approving all inventory purchases, product orders and other operational expenses;
 - Liaising with the Edmonton employees in respect of the Edmonton operations;
 - Updating P3C's management and stakeholders with regard to the ongoing operations and receivership matters;
 - Preparing cash flows from time to time in respect of the Edmonton electronics operations and disposition of the Calgary assets;
 - Obtaining an appraisal for P3C's Edmonton assets;

- Liaising with P3C's landlords and their respective legal counsel;
- Meeting with and negotiating with the prospective purchasers for P3C's Edmonton assets to obtain offers for the purchase of the assets;
- Preparing estimated statements of realization for P3C from time to time based on the course of the receivership;
- Preparing this Report; and
- Attending to all other administrative duties and matters related to P3C's receivership proceedings.

6.0 CONCLUSIONS/RECOMMENDATIONS

- 6.1 The Receiver engaged in an appropriate sale process for the sale of P3C's Edmonton assets. It is the Receiver's view that the best price has been obtained, that the sale price is fair and reasonable in the circumstances and is in the best interests of P3C's creditors. Accordingly, the Receiver respectfully recommends that this Honourable Court make an order granting the relief requested in Section 1.3 a) of this Report.

All of which is respectfully submitted this 17th day of March, 2011.



**RSM RICHTER INC.
IN ITS CAPACITY AS INTERIM RECEIVER
AND RECEIVER AND MANAGER OF
P3C MANUFACTURING GROUP INC.**

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 18th day of March, 2011,

BETWEEN:

RSM RICHTER INC., as Court-Appointed Receiver of P3C Manufacturing Group Inc. ("P3C") and not in its personal capacity (the "**Vendor**")

AND

1594279 ALBERTA LTD., a corporation existing under the laws of Alberta (the "**Purchaser**").

WHEREAS the Vendor was appointed as Receiver and Manager of P3C pursuant to a Court Order dated September 15, 2010;

AND WHEREAS the Vendor desires to sell to the Purchaser and the Purchaser desires to purchase from the Vendor the Purchased Assets in accordance with the terms of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the respective covenants, agreements, representations and warranties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Whenever used in this Agreement, unless the context otherwise requires, the following terms shall have the following meanings and grammatical variations of such terms shall have the corresponding meanings:

- (a) "**Claims**" means all claims against P3C or against the Purchased Assets of every nature of kind whatsoever and howsoever arising, including, without limiting the generality of the foregoing, all encumbrances, liens, charges, pledges, mortgages and security interests, and further including any claim by a third party that is the owner or lessor of any of the Purchased Assets;
- (b) "**Closing**" means the transfer by the Vendor to the Purchaser of title to the Purchased Assets in exchange for the payment by the Purchaser to the Vendor of the Purchase Price and the completion of all matters incidental thereto as herein provided;

- (c) **"Closing Date"** means March 25, 2011 or such other date as the parties mutually agree;
- (d) **"Court"** means the Court of Queen's Bench of Alberta;
- (e) **"Deposit"** means the sum of \$57,500.00 paid by the Purchaser, and being held in trust by the Vendor's counsel, in accordance with the terms hereof;
- (f) **"ETA"** means Part IX of the *Excise Tax Act* (Canada);
- (g) **"GST"** means all taxes payable under the ETA or under any provincial legislation similar to the ETA, and any reference to a specific provision of the ETA or any such provincial legislation shall refer to any successor provision thereto of like or similar effect;
- (h) **"Lease"** means all right, title and interest in the real property lease described in Schedule 2.1 to the Agreement;
- (i) **"Purchase Price"** has the meaning set out in Section 3.1.
- (j) **"Purchased Assets"** shall mean the assets listed in Schedule 1.1 and Schedule 2.1 to this Agreement;
- (k) **"Purchaser's Counsel"** means Fasken Martineau DuMoulin LLP;
- (l) **"Receivership Order"** means the Order granted by the Court which appointed the Vendor as the Receiver of the assets, undertakings and property of P3C;
- (m) **"Vendor's Counsel"** means Douglas N. Alger Law Office;
- (n) **"Vesting Order"** means an Order granted by the Court which authorizes, approves or confirms this Agreement and the sale of the Purchased Assets by the Vendor to the Purchaser and vests title to the Purchased Assets in the Purchaser, free and clear of all claims, in a form acceptable to the Vendor and the Purchaser.

1.2 Schedules

The following are the Schedules annexed to and incorporated in this Agreement by reference to their respective numbers as given below and which are deemed to be part hereof:

- (a) Schedule 1.1 – Purchased Assets;
- (b) Schedule 2.1 - Lease.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED ASSETS

2.1 Purchased Assets

The Vendor agrees to sell, assign and transfer to the Purchaser, and the Purchaser agrees to purchase from the Vendor, effective as of the Closing Date, the Purchased Assets.

2.2 Title to the Purchased Assets

The Vesting Order shall provide that the Purchased Assets shall be acquired by the Purchaser free and clear of all Claims.

ARTICLE 3 PURCHASE PRICE

3.1 Purchase Price

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets, shall be \$575,000.00 plus GST (the "**Purchase Price**") and shall be payable as follows:

(a)	Initial deposit -	\$ 57,500.00
(b)	The balance of the Purchase Price plus or minus adjustments as provided for hereunder (payable by solicitors trust cheque, wire transfer, or by certified cheque) to the Vendor or solicitor on or before the Closing Date (as herein defined) -	<u>\$517,500.00</u>
	Total Purchase Price (+ GST)	<u>\$575,000.00</u>

3.2 Exclusion of Liability

The Purchaser, and each of its respective successors, assigns and affiliates, does agree to and does hereby remise, release and forever discharge the Vendor from and against any and all actions, causes of actions, claims, damages, costs, expenses, interests and demands of every kind and nature whatsoever, whether at law or at equity, or under any statute, which it ever had, now has, or many in the future have against the Vendor, that in any way relate to the Assumed Obligations.

3.3 Deposit

The Vendor's counsel shall hold the Deposit in trust pending Closing for the benefit of the Vendor and the Purchaser to be applied in accordance with the following terms:

- (a) if Closing occurs, an amount equal to the Deposit together with all interest earned thereon shall be releasable to the Vendor and such amount (including of all interest earned thereon) shall be applied to the Purchase Price;
- (b) if Closing does not occur due to the failure of the Purchaser to satisfy the conditions contained herein in favour of the Vendor, the Vendor shall be entitled to the Deposit;
- (c) if Closing does not occur for any reason or circumstance other than that described in Section 3.4(b), the Purchaser shall be entitled to the immediate return of the Deposit; and
- (d) notwithstanding the foregoing, the Vendor's counsel shall not release the Deposit and the interest earned thereon unless: (i) the Vendor and the Purchaser agree in writing that such amount is releasable pursuant to Section 3.4(a), 3.4(b) or 3.4(c); or (ii) it is ordered to do so by any court of competent jurisdiction.

3.4 Taxes

The Purchaser shall be liable for and shall pay all Sales Taxes payable in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser. The parties agree to use reasonable efforts to make joint elections in the prescribed manner and form pursuant to the ETA in order that no GST shall be payable in respect of the purchase and sale contemplated herein. Notwithstanding the foregoing, in the event that GST shall be payable in respect of the purchase and sale contemplated herein, such GST shall be paid by the Purchaser to the Vendor when the Purchase Price is paid in accordance with Section 3.1 and all GST collected by the Vendor from the Purchaser shall be remitted by the Vendor in accordance with the ETA.

The Purchaser hereby agrees to indemnify the Vendor for any assessment of GST made against the Vendor as a result of making any election contemplated in this Section 3.4 with respect to the acquisition of the Purchased Assets by the Purchaser and the Purchaser further agrees to pay all such amounts (including interest and penalties, if any) upon written request provided in accordance with Section 9.1 hereof. The covenants and agreements to indemnify made by the Purchaser in this Section 3.4 shall survive Closing.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE VENDOR

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets.

4.1 Authorization

This Agreement has been duly executed and delivered by the Vendor and, subject to obtaining the Receivership Order and the Vesting Order, this Agreement will constitute a legal, valid and binding obligation of the Vendor, enforceable against the Vendor by the Purchaser in accordance with its terms.

4.2 "As Is, Where Is"

The Purchased Assets are being sold on an "as is, where is" basis as of the Closing and in their condition as of Closing with "all faults" and, except as expressly set forth in this Agreement (a) neither the Vendor, its affiliates, nor any of their respective officers, directors, employees or other representatives make, have made or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity, in respect of the Purchased Assets, including with respect to: (i) title, encumbrances, description, fitness for purpose, merchantability, condition, assignability, collectability, quantity, outstanding amount, value or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell same and without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to any *Sale of Goods Act* or similar legislation in any jurisdiction in Canada shall not apply hereto and shall be deemed to have been waived by the Purchaser; and (b) neither the Vendor, its affiliates, nor any of their respective officers, directors, employees or representatives will have or be subject to any liability or indemnification obligation to the Purchaser or to any other person resulting from the distribution to the Purchaser, its affiliates or representatives of, or the Purchaser's use of, any information relating to the Purchased Assets, and any information, documents or material made available to the Purchaser, whether orally or in writing, in certain "data rooms", management presentations, functional "break-out" discussions, responses to questions submitted on behalf of the Purchaser or in any other form in expectation of the transactions. Any such other representation or warranty is hereby expressly disclaimed.

4.3 General Indemnity

The Purchaser shall be liable to the Vendor for and shall, in addition, indemnify the Vendor from and against all losses, costs, claims, damages, expenses and liabilities suffered, sustained, paid or incurred by the Vendor which arise out of any matter or thing occurring or arising from and after the Closing Date and which relate to the Purchased Assets. The covenants and agreements to indemnify made by the Purchaser in this Section 4.3 shall survive Closing.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

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

5.1 Organization

The Purchase is a corporation duly incorporated and organized and validly subsisting under the laws of Canada and has the corporate power to enter into this Agreement and to perform its obligations hereunder.

5.2 Authorization

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

5.3 Residence of the Purchaser

The Purchaser is not a non-resident of Canada for purposes of the Tax Act.

5.4 GST Registration

The Purchaser is a registrant for purposes of the ETA whose registration number is _____.

ARTICLE 6 COVENANTS

6.1 Court Approval

The Vendor covenants to make an application for the Receivership Order and the Vesting Order as soon as reasonably practical after the signing of this Agreement, and in any event, on or prior to March 23, 2011.

ARTICLE 7 CONDITIONS OF CLOSING

7.1 Mutual Conditions

The sale and purchase of the Purchased Assets is subject to the following terms and conditions:

- (a) **Vesting Order.** The Vendor shall have been obtained and filed (the "Vesting Order").

ARTICLE 8 CLOSING DATE AND TRANSFER OF POSSESSION

8.1 Time, Date and Place of Closing

Closing shall take place at the Time of Closing at the offices of the Vendor's Counsel, 3400, 350 – 7th Avenue SW, Calgary, Alberta, 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.

8.2 Transfer of Possession

Subject to compliance with the terms and conditions hereof, the transfer of possession of the Purchased Assets shall be deemed to take effect as at the Time of Closing and with the delivery

by the Vendor of the Purchased Assets to the Purchaser at the business locations where the Purchased Assets of the Vendor are then situate.

8.3 Delivery of Conveyance Documents

- (a) At the time of Closing, the Vendor shall deliver the following to the Purchaser:
 - (i) a Bill of Sale in respect of the Purchased Assets duly executed by the Vendor;
 - (ii) an assignment of the Lease and amounts prepaid in relation thereto; and
 - (iii) a certified copy of the Vesting Order; and
- (b) At the time of Closing, the Purchaser shall deliver the sum of \$517,500.00 to the Vendor plus GST as described in Section 3.1(b) above.

ARTICLE 9 MISCELLANEOUS

9.1 Notices

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

- (a) if to the Vendor:

RSM Richter Inc.
3810, 205 – 5th Avenue SW
Calgary, AB T2P 2V7

Attention: Robert J. Taylor, CA., CIRP
Fax No. 403-233-8688

with a copy to:

Fasken Martineau DuMoulin LLP
3400, 350 – 7th Avenue SW
Calgary, AB T2P 3N9

Attention: Frank R. Dearlove
Fax No. 1-888-804-9502

(b) if to the Purchaser:

1594279 Alberta Ltd.
[address]

Attention: Alan Kirby
E-mail: alankirby1@shaw.ca

with a copy to:

Douglas N. Alger Law Office
3400, 350 – 7th Avenue SW
Lethbridge, AB T1J 2G7

Attention: Douglas N. Alger
Fax No. 403-380-6068

9.2 Fees

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the negotiation, preparation and implementation of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred, including, without limitation, any finder's or broker's fees and all costs and expenses incurred in connection with the transactions contemplated hereby.

9.3 Further Assurances

Each party to this Agreement covenants and agrees that it will at all times promptly execute and deliver all such documents, including, without limitation, all such additional conveyances, transfers, consents and other assurances and do all such other acts and things as the other party, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

9.4 Survival

Except as otherwise provided herein, all representations, warranties and covenants contained in this Agreement on the part of each of the parties shall survive for a period of two years from the Closing Date. If no claim shall have been made under this Agreement against a party for any incorrectness in or breach of any representation, warranty or covenant made in this Agreement prior to the expiry of the survival period, such party shall have no further liability under this Agreement with respect to such representation, warranty or covenant unless otherwise provided herein.

9.5 No Assignment by Purchaser

Except as expressly permitted by the terms hereof, the Purchaser shall not assign any right or interest in this Agreement without the Vendor's prior written consent, which consent may be withheld in the Vendor's sole and absolute discretion. The Purchaser may assign all or any part of its right or interest in this Agreement to a direct or indirect wholly-owned subsidiary of the Purchaser, provided that if such assignment takes place, the Purchaser will not be released from any of its obligations or liabilities hereunder.

9.6 Counterparts

This Agreement may be executed in one or more identical counterparts by facsimile or other electronic means, each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

RSM RICHTER INC., in its capacity as Court-appointed Receiver of P3C Manufacturing Group and not in its personal capacity

Per: _____

Robert J. Taylor

1594279 ALBERTA LTD.

Per: _____

Alan Kirby - Director

9.5 No Assignment by Purchaser

Except as expressly permitted by the terms hereof, the Purchaser shall not assign any right or interest in this Agreement without the Vendor's prior written consent, which consent may be withheld in the Vendor's sole and absolute discretion. The Purchaser may assign all or any part of its right or interest in this Agreement to a direct or indirect wholly-owned subsidiary of the Purchaser, provided that if such assignment takes place, the Purchaser will not be released from any of its obligations or liabilities hereunder.

9.6 Counterparts

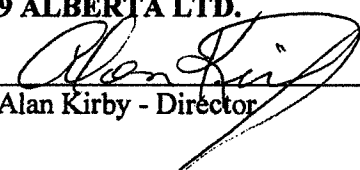
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IN WITNESS WHEREOF this Agreement has been executed by the parties as of the date first above written.

**RSM RICHTER INC., in its capacity as Court-
appointed Receiver of P3C Manufacturing Group
and not in its personal capacity**

Per: _____
Robert J. Taylor

1594279 ALBERTA LTD.

Per:  _____
Alan Kirby - Director

Schedule "1.1"

P3C Manufacturing Group - Edmonton

Capital Assets - Equipment Listing

		Total Cost	1,191,951.57
Date	Description	Acquisition Cost	Purchase Cost
Sep-01	Vitesse High Speed Pick & Place	138,250.00	138,250.00
Sep-01	UFP5000 Pick & Place Machine	60,693.00	60,693.00
Sep-01	10 Smart Trolleys	19,825.00	19,825.00
Sep-01	2 Vibratory Feeder Trolleys	2,463.00	2,463.00
Sep-01	6 Vibratory Feeders	4,716.00	4,716.00
Sep-01	200 Feeder Elements	7,076.00	7,076.00
Sep-01	SP100 Semi-Auto Screen Printer	8,186.00	8,186.00
Sep-01	1616PD Sem-Auto Screen Printer	2,866.00	2,866.00
Sep-01	3001 Auto Inline Screen Print	1,180.00	1,180.00
Sep-01	EPK229 Wave Solder Machine	2,759.00	2,759.00
Sep-01	1088 Reflow Oven	5,731.00	5,731.00
Sep-01	Triton IV SMT Aqueous Cleaner	7,217.00	7,217.00
Sep-01	Maestro 3 V-Groove Cutter	850.00	850.00
Sep-01	TDS-210 Oscilloscope	637.00	637.00
Sep-01	P3502C Oscilloscope	424.00	424.00
Sep-01	147 PCB Racks	558.00	558.00
Sep-01	14 Solder Irons	558.00	558.00
Sep-01	LCT Reel Counter (CC-15)	558.00	558.00
Sep-01	LCT Reel Counter (IC-2000)	558.00	558.00
Sep-01	2 Hakko Rework Stations	838.00	838.00
Sep-01	Logical Dev. Programmer (CM6000)	1,396.00	1,396.00
Sep-01	3M Toe Strap Tester	558.00	558.00
Sep-01	SM Screen Printer SCR-2 Model 2	6,919.00	6,919.00
Sep-01	Feeder RFO-1-Model EF9	8,059.00	8,059.00
Sep-01	CMS Eclipse II PNP-2-Model EF9	101,309.00	101,309.00
Sep-01	General Shop Equipment	9,434.00	9,434.00
Jan-02	County Component Counter - 115V	1,124.00	1,124.00
Sep-02	Wave Machine - Electrovert UPK650C	12,418.00	12,418.00
Sep-02	Nitrogen Generator - Prism 1200	6,347.00	6,347.00
Sep-02	Tape & Reel Systemation MT30	1,587.00	1,587.00
Sep-02	Label Printer - Zebra 140 XIII	529.00	529.00
	Eurolacer Matrx and Stick Holders	2,895.00	2,895.00
	Protek Multimeter	137.00	137.00
	Bulk Radial Component Cutter - Hepco 150C	744.00	744.00
	20mm SS Stretcher	936.00	936.00
	RO H2O Water Treatment System	1,729.00	1,729.00
Feb-03	Hepco Cut and Form Dies	1,088.00	1,088.00
Nov-03	Radial Prep Machine	718.00	718.00
	Heller 17005 Reflow Oven	6,884.00	6,884.00
	Trek Pump Assembly	1,475.00	1,475.00
	Heller Oven - Materials/Labour to install	869.00	869.00
	Dad-I Desicant Refill	58.00	58.00
	PT-417 Desicant Tank	184.00	184.00
	Chipmaster SMD 1000 w/3 Nozzles	3,759.00	3,759.00
	Hand Tools	427.00	427.00
	Electric Screw Driver w/Power Supply	300.00	300.00

#3 Nozzle	272.00	272.00
#1 Nozzle	311.00	311.00
Vitesse Filter	234.00	234.00
Replacement Batter Programmer	308.00	308.00
Pinion	334.00	334.00
Encoder	952.00	952.00
Hektor 2 Depanelizer	1,033.00	1,033.00
Baldor Motor	507.00	507.00
Brush V850 Motor	127.00	127.00
Shelves etc. for New Bay	35,221.57	35,221.57
	64.00	64.00
	177.00	177.00
Lockers	2,122.00	2,122.00
Lamp	27.00	27.00
Lumber, Screws & Nails	49.00	49.00
Flex Hose	136.00	136.00
	60.00	60.00
	232.00	232.00
Machine Flexiglass	214.00	214.00
Jan-06	509.00	509.00
Jan-06 EMC FA & Cap West Consulting relating to	623,219.00	623,219.00
Feb-06 Z axis Motor for Vitesse	2,200.00	2,200.00
Feb-06 Allocate Cap West time spent on EMC FA	53,419.00	53,419.00
Mar-06	461.00	461.00
Mar-06 Shipping of Carousels from Calgary	1,924.00	1,924.00
Apr-06 Installation of Transformers & Terminal Box	4,832.00	4,832.00
Jul-06 Wave Conversion	8,055.00	8,055.00
Jul-06 Modern Tool - Solder Paste for Wave	13,681.00	13,681.00
Sep-06 Electrical Work Related to Wave	1,694.00	1,694.00
Dec-06 Sheerflow Pump	313.00	313.00
Dec-06 Fume Extraction Unit 4 Port	1,438.00	1,438.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00

1,191,951.57	0.00	1,191,951.57
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agreed to C/L

P3C Manufacturing Group - Edmonton

Capital Assets - Shop Equipment

		Total Cost		26,898.91
Date	Description	Acquisition Cost	Purchase Cost	Cost
Apr 01/06	Wingenbeck	21,276.00		21,276.00
May 01/08	Oscilloscope 40 mhz 500 MS/S 2CH		899.00	899.00
Jun 06/08	Motor & Pulley Assy.		2,548.04	2,548.04
Dec 16/08	Wire Shelving		1,449.83	1,449.83
Feb 18/09	Pneum. Crimp Operator		726.04	726.04
				0.00
				0.00
				0.00

21,276.00	5,622.91	26,898.91
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agreed to G/M.

Capital Assets - Software

21,258.89	0.00	21,258.89
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ugruv d' C/L.

P3C Manufacturing Group - Edmonton

Capital Assets - Office Equipment

		Total Cost		15,477.36
Date	Description	Acquisition Cost	Purchase Cost	Cost
Sep 01/01	Various Office Equip (Mitronix)	3,845.00		3,845.00
Jul 01/02	PJ-500 Projector	962.00		962.00
Dec 01/07	Startalk Flash Voice Mail		770.00	770.00
Feb 27/08	Brother Fax Machine		249.75	249.75
Oct 22/08	NEC Phone System		8,850.62	8,850.62
Aug 14/08	Epson 77C LCD Projector		799.99	799.99
				0.00
				0.00
				0.00
				0.00
				0.00
				0.00

4,807.00	10,670.36	15,477.36
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agreed to C/L.

P3C Manufacturing Group - Edmonton

Capital Assets - Leasehold Improvements

Lease runs Dec 1/07 to Feb 28, 2012

Amortization

Apr-08 Apr-09
5 mths 12 mths

		Total Cost	144,232.00		
Date	Description	Acquisition Cost	Purchase Cost	Cost	
Sep-01 P0100061	9741-54 OFFICE & WAREHOUSE	230.00		230.00	22.55 54.12
Sep-01 P0200094	9741-54 OFFICE & WAREHOUSE	12,573.00		12,573.00	1,232.65 2,958.35
Sep-01 P0100268	9741-54 OFFICE & WAREHOUSE	1,915.00		1,915.00	187.75 450.59
Dec-01 JE217	Capital West	3,800.00		3,800.00	372.55 894.12
Oct-01 P0100245	9741-54 AVE- CONDUCTIVE FLOOR	12,580.00		12,580.00	1,233.33 2,960.00
Oct-01 2005	9741-54 AVE- CONDUCTIVE FLOOR	(535.00)		(535.00)	(52.45) (125.88)
Oct-01 P0100265	9741-54 OFFICE & WAREHOUSE	242.00		242.00	23.73 56.94
Oct-01 P0100257	9741-54 OFFICE & WAREHOUSE	6,892.00		6,892.00	675.69 1,621.65
Oct-01 P0100258	9741-54 OFFICE & WAREHOUSE	1,190.00		1,190.00	116.67 280.00
Oct-01 P0100259	9741-54 OFFICE & WAREHOUSE	353.00		353.00	34.61 83.06
Oct-01 P0100260	9741-54 OFFICE & WAREHOUSE	22,907.00		22,907.00	2,245.78 5,389.88
Nov-01 P0100256	9741-54 OFFICE & WAREHOUSE	344.00		344.00	33.73 80.94
Nov-01 P0100255	9741-54 OFFICE & WAREHOUSE	686.00		686.00	67.25 161.41
Nov-01 P0100254	9741-54 OFFICE & WAREHOUSE	730.00		730.00	71.57 171.76
Nov-01 P0100073	BLINDS	234.00		234.00	22.94 55.06
Jan-02 P0200287	Templeton	545.00		545.00	53.43 128.24
Jan-02 P0200275	INSTALL OF RETURN AIR SYSTEM	3,490.00		3,490.00	342.16 821.18
Jan-02 P0200288	Templeton	896.00		896.00	87.84 210.82
Mar-02 P0200190	Emergency Lights/Extinguishers Apr02	903.00		903.00	88.53 212.47
Apr-02 P0200299	Unican Lockset Upstairs Apr02	216.00		216.00	21.18 50.82
Apr-02 P0200386	Leasehold Improvement-BLINDS	226.00		226.00	22.16 53.18
May-02 P0200434	RECEPTACLES FOR ENVIRO CHAMBER	455.00		455.00	44.61 107.06
May-02 P0200819	Templeton	4,330.00		4,330.00	424.51 1,018.82
Sep-02 P0201100	C&A Electrical	681.00		681.00	66.76 160.24
Oct-02 P0201310	Templeton	408.00		408.00	40.00 96.00
Oct-02 P0201311	Templeton	559.00		559.00	54.80 131.53
Nov-02 P0201378	Templeton	1,549.00		1,549.00	151.86 364.47
Oct-05 P0207481	Aegis	198.00		198.00	19.41 46.59
Nov-05 P0207996	Lipuscek	440.00		440.00	43.14 103.53
Nov-05 JE1103	Leasehold Improvement-Increase	908.00		908.00	89.02 213.65
Jan-06 P0208145	Leasehold Improvement-Increase - Industria	2,138.00		2,138.00	209.61 503.06

P3C Manufacturing Group - Edmonton

Capital Assets - Computer Equipment

		Total Cost		12,543.53
Date	Description	Acquisition Cost	Purchase Cost	Cost
Sep-01	Various Computer Equip (Mitronix)	1,605.00		1,605.00
Jan-03	HP Laserjet Printer	438.00		438.00
Oct-03	Computer and Harddrives	176.00		176.00
Dec-03	Server	341.00		341.00
Dec-03	Server	36.00		36.00
Dec-03	Computer	113.00		113.00
Mar-04	Saunders	619.00		619.00
Mar-04	Saunders	17.00		17.00
May-04	Saunders	150.00		150.00
Jun-04	Saunders	189.00		189.00
Aug-05	Motta	834.00		834.00
Oct-05	Lipuscek	73.00		73.00
Dec-05	Bartosek	549.00		549.00
Dec-05	Petty Cash	7.00		7.00
Jan-06	Motta	563.00		563.00
Mar-06	Motta	548.00		548.00
Dec-06	Debenham	76.00		76.00
...		32.54		32.54
Dec-07			550.00	550.00
Jan-08			64.98	64.98
Feb-08	2 External Burners (M. Maygard)		129.90	129.90
Mar-08			1,773.73	1,773.73
Jun-08	Dell Latitude D630 Notebook		1,219.46	1,219.46
Aug-08	Dell Latitude D630 Notebook		1,219.46	1,219.46
Oct-08	Dell Latitude D630 Notebook		1,219.46	1,219.46
				0.00
				0.00
				0.00
				0.00
		6,366.54	6,176.99	12,543.53

agreed to (1/).

Mar-06	P3000365	Aegis	153.00	153.00	15.00	36.00
Oct-06	P3001768	Aegis	128.00	128.00	12.55	30.12
Aug-01		Cralyne	6,669.00	6,669.00	653.82	1,569.18
Aug-01		Templeton	3,831.00	3,831.00	375.59	901.41
Sep-01		Templeton	30,477.00	30,477.00	2,987.94	7,171.06
Sep-01		Telsco Security	951.00	951.00	93.24	223.76
Sep-01		Telsco Security	32.00	32.00	3.14	7.53
Sep-01		Templeton	(2,245.00)	(2,245.00)	(220.10)	(528.24)
Sep-01		Templeton	780.00	780.00	76.47	183.53
Oct-01		Dizzign Merchandisers	605.00	605.00	59.31	142.35
Oct-01		Ericom	224.00	224.00	21.96	52.71
Oct-01		NetSmart	617.00	617.00	60.49	145.18
Oct-01		NetSmart	49.00	49.00	4.80	11.53
Oct-01		NetSmart	647.00	647.00	63.43	152.24
Oct-01		NetSmart	58.00	58.00	5.69	13.65
Nov-01		RB Visa	250.00	250.00	24.51	58.82
Nov-01		NetSmart	238.00	238.00	23.33	56.00
Nov-01		Templeton	891.00	891.00	87.35	209.65
Dec-01		Anchett Neon	1,785.00	1,785.00	175.00	420.00
Dec-01		Templeton	5,477.00	5,477.00	536.96	1,288.71
Jan-02		Templeton	47.00	47.00	4.61	11.06
May-02		Templeton	4,141.00	4,141.00	405.98	974.35
Oct-02		Templeton	408.00	408.00	40.00	96.00
Oct-02		Templeton	558.00	558.00	54.71	131.29
Jun-05		Templeton	938.00	938.00	91.96	220.71
Jan-09		Sign-a-Rama - Signage for Bldg		3,623.00		381.37
Apr-09		Gabriel Indust. - Electrial - lighting & ballasts in office		817.00		23.34
				0.00		
				0.00		
				0.00		
				0.00		
				0.00		
				0.00		
				0.00		
				0.00		

139,792.00	4,440.00	144,232.00
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agreed to G/L

13,705.10	33,296.95
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Schedule "2.1"

INTERIM LEASE AGREEMENT - January 31, 2007

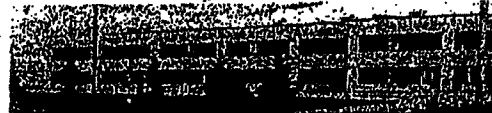
SOUTHTEK DEVELOPMENTS LTD. (Known as the Lessor)

210 Westridge Road
Edmonton, Alberta T5T 1C1

AMC Electronics Corp. (Known as the Lessee)

9741 - 54 Avenue
Edmonton, Alberta T6B 5J4

SOUTHTEK DEVELOPMENTS LTD.



LEASING OFFICE & WAREHOUSE SPACE

JAMES H. YONKERS
MARTA YONKERS

Phone: 481-1742
210 Westridge Road
Edmonton, Alberta T5T 1C1

This is to confirm that I or we are prepared to enter a Lease containing 16,146' sq. ft. more or less and which leased premises are municipally known as 9741, 9745, 9749A-54 Ave. Edmonton, AB and which is located on property legally described as Lot 3 & 4 in Block 17, in the City of Edmonton, in the Province of Alberta as shown on subdivision Plan 4372 TR. Area Leased is as follows: 9741=7,400 sq. ft.; 9745=6400 sq. ft.; 9745A- 54 Ave.=2,346 sq. ft. That I or we will lease this space for the term of five years.

The Lease to commence from February 01, 2007 - February 28, 2012

Lease: Basic Rent: 16,146'x \$5.25' : 12 = \$ 7,063.88 Monthly

Estimated Portion of Taxes and Insurance 16,146'x \$1.50' : 12 = \$ 2,018.25 Monthly

Total Rent: \$ 9,082.13 Monthly

QST 6% \$ 544.93 Monthly

TOTAL MONTHLY RENT DUE \$ 9,627.06 Monthly

The type and nature of business to be operated? _____

The number of vehicles to be parked on the premises? _____

Any special clauses to be listed as follows: _____

The Lessee to carry insurance against all legal liability for damages to persons or property caused by the ownership, maintenance, use or occupancy of the premises. The Lessee will be responsible for all glass damage or breakage, however caused, during their tenancy and the repair of the same. Lessee to carry Burglary Insurance and must repair damages resulting from these acts. The Lessee to keep in good repair and maintenance their air conditioning, heating equipment, and overhead doors. Lessee agrees to make proper disposal of all garbage, etc. and keep the yard in a clean and tidy condition; maintain the landscaping where applicable thereby cutting the lawn once a week during the growing summer months and treating any weeds present. Lessee is responsible for the removal of all snow, dirt and other debris from the sidewalks and parking area adjoining and in front and rear of the Leased premises. The Lessee to provide and pay for their own janitorial services, including shampooing of rugs and waxing of any tiled areas. Rugs must be shampooed and premises thoroughly cleaned prior to vacating premises. The Lessee to share the common driveways.

Rent to be mailed to Southtek Developments Ltd. at:

210 Westridge Road, Edmonton, AB T5T 1C1 by the 1st day of each and every month in advance at par in Edmonton, Alberta. Interest will be charged on late payment of rent or overdue rent and will be classified as rental arrears. Lessee will be charged for expenses incurred for the collection of delinquent or overdue rent whether it be legal or otherwise.

In order to bind this agreement I or we hand you're the sum of \$ 0.00 to be applied as rent from March 01, 2007 - March 31, 2012 months (s) of the tenancy, and provided that if I or we as Lessee accept this offer, should the Lessee change his or her mind and not proceed, then the deposit tendered shall become forfeit to the Lessor.

The Lessor agrees to Lease to the Lessee, and the Lessee agrees to Lease from the Lessor the above described space at the term herein. Regardless under whatsoever name the Lessor operates from these premises, they will be held liable for the rent.

JAMES H. YONKERS
(name print)

[Signature]
(signature)

AMC Electronics Corp.

Technologies

JAMES H. YONKERS
(name print)

[Signature]
(signature)

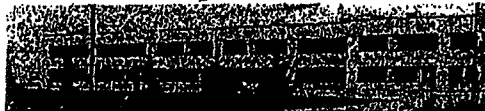
Southtek Developments Ltd.

INTERIM LEASE AGREEMENT - January 25, 2007

SOUTHTEX DEVELOPMENTS LTD. (Known as the Lessor)
210 Westridge Road
Edmonton, Alberta T5T 1C1

Technologies
AMC Electronics Corp. (Known as the Lessee)
9747 - 54 Avenue
Edmonton, Alberta T6E 5J4

SOUTHTEX DEVELOPMENTS LTD.



LEASING OFFICE & WAREHOUSE SPACE

JAMES H. YONKERS
MARTA YONKERS

Phone: 481-1742
210 Westridge Road
Edmonton, Alberta T5T 1C1

This is to confirm that I or we are prepared to enter a Lease on the Lower Main Floor Only containing 3,167 sq. ft. more or less and which leased premises are municipally known as 9747-54 Ave. Edmonton, AB and which is located on property legally described as Lot 3 & 4, Block 17 in the City of Edmonton, in the Province of Alberta as shown on subdivision Plan 4372 TR. On the following terms: Lease is Triple Net;

That I or we will lease this space for the term of five years.

The Lease to commence from February 01, 2007 - February 28, 2012.

Lease: Basic Rent: <u>3,167' x \$5.25' : 12 =</u>	<u>\$ 1,385.56</u> Monthly
Estimated Portion of Taxes and Insurance <u>3,167' x \$1.50' : 12</u>	<u>\$ 395.87</u> Monthly
Total Rent:	<u>\$ 1,781.43</u> Monthly
GST 6%	<u>\$ 106.89</u> Monthly
TOTAL MONTHLY RENT DUE	\$ 1,888.32 Monthly

The type and nature of business to be operated? _____

The number of vehicles to be parked on the premises? _____

Any special clauses to be listed as follows: No holes or vents or attachments on the roof by tenant permitted.

The Lessee to carry insurance against all legal liability for damages to persons or property caused by the ownership, maintenance, use or occupancy of the premises. The Lessee will be responsible for all glass damage or breakage, however caused, during their tenancy and the repair of the same. Lessee to carry Burglary Insurance and must repair damages resulting from these acts. The Lessee to keep in good repair and maintenance their air conditioning, heating equipment, and overhead doors. Lessee agrees to make proper disposal of all garbage, etc. and keep the yard in a clean and tidy condition; maintain the landscaping where applicable thereby cutting the lawn once a week during the growing summer months and treating any weeds present. Lessee is responsible for the removal of all snow, dirt and other debris from the sidewalks and parking area adjoining and in front and rear of the Leased premises. The Lessee to provide and pay for their own janitorial services, including shampooing of rugs and waxing of any tiled areas. Rugs must be shampooed and premises thoroughly cleaned prior to vacating premises. The Lessee to share the common driveways.

Rent to be mailed to Southtex Developments Ltd. at:

210 Westridge Road, Edmonton, AB T5T 1C1 by the 1st day of each and every month in advance at par in Edmonton, Alberta. Interest will be charged on late payment of rent or overdue rent and will be classified as rental arrears. Lessee will be charged for expenses incurred for the collection of delinquent or overdue rent whether it be legal or otherwise.

In order to bind this agreement I or we hand you're the sum of \$ 0.00 to be applied as rent from March 01, 2007 - March 31, 2012 months (s) of the tenancy, and provided that if I or we as Lessee accept this offer, should the Lessee change his or her mind and not proceed, then the deposit tendered shall become forfeit to the Lessor.

The Lessor agrees to Lease to the Lessee, and the Lessee agrees to Lease from the Lessor the above described space at the term herein. Regardless under whatsoever name the Lessor operates from these premises, they will be held liable for the rent.

James H. Yonkers
(name print)

(signature)

AMC Electronics Corp.

Technologies

James H. Yonkers
(name print)

(signature)

Southtex Developments Ltd.

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT made as of the ^{10th} day of August, 2007.

BETWEEN:

Southtex Developments Ltd.
(the "Landlord")

OF THE FIRST PART

- AND -

AMC Technologies Corporation
(the "Assignor")

OF THE SECOND PART

- AND -

P3C Manufacturing Group Inc.
(the "Assignee")

OF THE THIRD PART

WHEREAS:

- (a) By a Lease dated the ^{1st} day of ^{February} 2007, (the "Lease"), the Landlord leased to the Assignor those premises known as Unit Number ¹⁰¹⁻¹⁰²⁻¹⁰³, comprising approximately ^{10,000} square feet (the "Premises") in the building municipally located at ⁴⁰¹⁻⁴⁰²⁻⁴⁰³ Edmonton, Alberta, ¹⁰¹⁻¹⁰²⁻¹⁰³ (the "Building") as more particularly described in the Schedules to the Lease for a term of ^{Five} years and subject to the terms and conditions set forth therein;
- (b) The Assignor has agreed to assign and the Assignee has agreed to accept an assignment of the Lease, the unexpired residue of the Term thereof and the benefits and rights derived therefrom.

NOW THEREFORE IN CONSIDERATION of the premises and the mutual covenants, agreements and conditions herein contained, the parties agree as follows:

1. The parties acknowledge that the foregoing recitals are true in substance and in fact.
2. All words and expressions used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, shall have the same meaning ascribed to them in the Lease.
3. The Assignor hereby assigns to the Assignee the Assignor's interest in the Premises aforementioned, the Lease, the unexpired residue of the Term thereof, and all benefits and rights derived therefrom, subject to the payment of the Rent and observance and performance of the covenants, provisions and

conditions on the part of the tenant contained therein.

4. The Assignor covenants with the Assignee that the Lease is a valid and subsisting Lease, that the covenants, provisos and conditions thereof on the part of the Tenant have been duly observed and performed up to the date hereof, that the Assignor is entitled to assign the Lease and that subject to the payment of the Rent and the observance and performance of the covenants, provisos and conditions of the Lease the Assignee shall enjoy the Premises for the residue of the Term of the Lease and any renewal thereof without interruption by the Assignor or any person claiming through him or it. The Assignor shall at all times hereafter at the request and the cost of the Assignee execute such further assurances in respect of this Assignment as the Assignee may reasonably require.

5. The Assignee covenants with the Assignor that the Assignee will throughout the residue of the said Term and any renewal thereof pay the Rent reserved at the times and in the manner provided in the Lease commencing with and including that payment of Basic Rent falling due [May] 1, 2007 (the "Effective Date") and observe and perform the covenants, provisos and conditions on the part of the tenant therein set forth and will indemnify and save harmless the Assignor from all actions, suits, costs, losses, damages and expenses in respect of such covenants, conditions and agreements all as they arise from and after the Effective Date.

6. In consideration of the Landlord's consent hereinafter given, the parties hereto covenant and agree that:

- (a) the said consent is given without prejudice to the Landlord's rights under the Lease aforementioned and shall not be deemed to authorize any further or other assignment or sub-letting or parting with or sharing of possession of all or any part of the Premises;
- (b) the Assignee hereby covenants and agrees with the Landlord to observe, comply with and perform all terms, conditions and covenants in the Lease as if it were the tenant specified therein and to pay all sums of any kind whatsoever and perform all obligations of any kind whatsoever as and when the same are due to be paid or performed by the tenant pursuant to the terms of the said Lease during all of the Term of the said Lease and any renewal thereof;
- (c) Subject to the foregoing provisions of this paragraph, the Landlord consents to the within assignment of the Lease.

7. Wherever in this Agreement it shall be required or permitted that notice or demand be given or served by either party to or on the other, such notice or demand shall not be treated as duly given or served unless it is in writing and personally delivered, addressed as follows:

To the Landlord at:

Southtex Developments Ltd.

•

Edmonton, AB •

Attention: • James Yankers

To the Assignor at:

AMC Technologies Corporation

•

Edmonton, Alberta [•]

Attention: James P. Morin

To the Assignee at:

P3C Manufacturing Group Inc.
c/o Field LLP,
Suite 400, 604 - 1st Street S.W.
Calgary, AB T2P 1M7
Attention: Gabrielle C. Kaufmann

Each such notice or demand shall be deemed given on the date of delivery. Such addresses may be changed from time to time by either party by notice as above provided.

IN WITNESS WHEREOF the individual parties have set their hands and seals and the corporate parties have affixed their corporate seals, attested by the hands of their proper officers duly authorized in that behalf, all as of the day and year first above written.

The Landlord:
Southtax Developments Ltd.

Per: James Yookers

Per: James Yookers

The Assignor:
AMC Technologies Corporation

Per: _____

Per: _____

The Assignee:
P3C Manufacturing Group Inc.

Per: _____

Per: _____

To the Assignee at:

P3C Manufacturing Group Inc.
c/o Field LLP,
Suite 400, 604 - 1st Street S.W.
Calgary, AB T2P 1M7
Attention: Gabrielle C. Kaufmann

Each such notice or demand shall be deemed given on the date of delivery. Such addresses may be changed from time to time by either party by notice as above provided.

IN WITNESS WHEREOF the individual parties have set their hands and seals and the corporate parties have affixed their corporate seals, attested by the hands of their proper officers duly authorized in that behalf, all as of the day and year first above written.

The Landlord:
Southtex Developments Ltd.

Per: _____

Per: _____

The Assignor:
AMC Technologies Corporation

Per: _____

Per: _____

The Assignee:
P3C Manufacturing Group Inc.

Per: _____

Per: _____

THIS AMENDED LEASE AGREEMENT is made as of the 1st day of April, 2010.

BETWEEN:

SOUTHTEX DEVELOPMENTS LTD. a body corporate
incorporated under the laws of the Province of Alberta (hereinafter
called the "Landlord" or "Southtex")

OF THE FIRST PART

- and -

P3C MANUFACTURING GROUP INC. a body corporate
incorporated under the laws of the Province of Alberta (hereinafter
called the "Tenant" or "P3C")

OF THE SECOND PART

WHEREAS the Landlord is the registered owner of premises municipally described as 9741, 9745, 9749A and 9747-54th Avenue, Edmonton, Alberta, and legally described as Lots 3 and 4, Block 17, Plan 4372TR (the "Leased Premises");

AND WHEREAS by certain agreements in writing made effective the 25th and 31st days of January, 2007, between the Landlord and AMC Technologies Corp. ("AMC") (collectively the "Lease Agreements"), the Landlord leased to AMC the Leased Premises;

AND WHEREAS by an assignment of the Lease Agreements dated August 10, 2007 between the Landlord, AMC and P3C (the "Assignment of Lease"), AMC as the tenant of the Leased Premises under the Lease Agreements agreed to assign all of its rights in and to the Leased Premises and under the Lease Agreements to P3C and Southtex, as the landlord under the Lease Agreements, consented to such assignment;

AND WHEREAS the parties have agreed to amend the Lease Agreements;

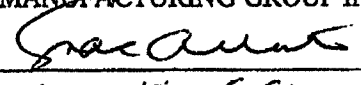
NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of One Dollar (\$1.00) and other good and valuable consideration, including the mutual covenants and agreements of the parties as hereinafter set forth, the parties hereto have agreed to amend the Lease Agreements as follows:

1. Commencing April 1, 2010, the Tenant will occupy and have the use of the main floor of the two (2) eastern commercial bays, which are municipally described as 9741 and 9745 - 54th Avenue, Edmonton, Alberta, consisting of 11,610 square feet on the main floor (the "New Leased Premises"). After April 23, 2010, the Tenant will no longer have the use of commercial premises 9747 and 9749A-54th Avenue, Edmonton, Alberta, and shall not be responsible to pay Basic Rent or Taxes and Insurance for these commercial bays starting April 1, 2010.

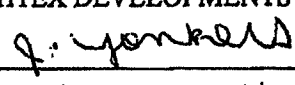
2. Parking for staff and customers is designated as the "common use area" (see attached map). The tenant is responsible for ensuring that their common use area space is clean of debris, garbage and snow.
3. The term of the term of the Lease Agreements shall expire on February 28, 2012 (the "Term").
4. Effective April 1, 2010 the Basic Rent for the main floor of the New Leased Premises will be \$5.25 per square foot for the remainder of the Term.
5. Effective April 1, 2010 the Taxes and Insurance for the main floor of the New Leased Premises will be \$1.50 per square foot for the remainder of the Term. However, the Landlord may change the rate on the 1st day of September of each calendar year subject to the annual insurance and property tax rate. The Landlord will provide the Tenant with the new rate by August 15th of each calendar year.
6. In addition to the New Leased Premises, the Tenant will occupy and have the use of the second floor of the two (2) eastern commercial bays, which are municipally described as 9741 and 9745 - 54th Avenue, Edmonton, Alberta (the "Second Floor Premises"). The Tenant shall pay to the Landlord an "all-inclusive" fixed sum of \$500 per month for the occupation and use of the Second Floor Premises for the remainder of the Term (the "Second Floor Rent"). The Tenant is responsible for all utilities.
7. In addition to the Basic Rent, Taxes and Insurance and the Second Floor Rent, the Tenant shall pay \$3,398.05 per month for the remainder of the Term for rental arrears and interest ("Arrears").
8. The total monthly rent payable by the Tenant, inclusive of Basic Rent, Taxes and Insurance, Second Floor Rent and Arrears shall be \$10,428.67.
9. Save as set forth above the parties hereto hereby ratify and confirm the Lease Agreements and declare them to be a fully binding contract between them that shall remain in full force and effect throughout the remaining Term.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

P3C MANUFACTURING GROUP INC.

Per: 
Ammi GFO

SOUTHTEX DEVELOPMENTS LTD.

Per: 
John Yonkers - Director

P3C Manufacturing Group Inc. - In Receivership
Estimated Statement of Realization
As at March 17, 2011
(\$ Canadian, Unaudited)

Appendix "B"

	<u>Notes</u>	<u>Low</u>	<u>High</u>
Receipts			
Expected proceeds from sale of Edmonton assets	1	575,000	575,000
Net proceeds from sale of Calgary assets	2	423,355	423,355
Estimated proceeds from SR&ED claim	3	105,561	211,122
Total Receipts		1,103,916	1,209,477
Disbursements			
Hazco Waste Management	4	150,000	125,000
Edmonton Operating Expenses	5	40,000	40,000
Professional Fees			
Receiver's Fees - RSM Richter Inc.	6	235,000	220,000
Legal Fees - Fasken Martineau DuMoulin LLP	6	40,000	20,000
Wage Earner Protection Plan	7	14,347	14,347
Total Disbursements		479,347	419,347
Funds Available to Pay CRA	8	624,569	790,130

Notes:

1. Sale proceeds from Edmonton assets.
2. Proceeds realized from the auction sale of P3C's Calgary assets and sale of some work in progress less occupancy rent for the period occupied by the Receiver.
3. P3C filed a SR&ED claim with Canada Revenue Agency ("CRA") for \$211,122. It is being assessed by CRA. P3C's SR&ED consultant is unable to advise on the expected claim to be allowed by CRA. Any claim allowed will be offset by CRA firstly against unsecured interest and penalties, followed by the deemed trust amount (see Note 8).
4. Hazco's estimate to remove all hazardous waste. Invoices are pending.
5. Edmonton facility net operating expenses. Overall cash flow for the Edmonton operations during the receivership period are estimated to be approximately negative \$40,000.
6. Professional fees are estimated based on fees incurred to date and fees to conclude the receivership and bankruptcy.
7. WEPP statement received February 25, 2011.
8. CRA filed claim is \$1,125,516.45. The deemed trust portion is \$755,899.11 and the unsecured portion totals \$369,617.34.