

THE QUEEN'S BENCH
WINNIPEG CENTRE

IN THE MATTER OF: The Companies' Creditors
 Arrangement Act, R.S.C. 1985, c. C-
 36, as Amended

AND IN THE MATTER OF: A Plan of Compromise or Arrangement
 of The Puratone Corporation, Pembina
 Valley Pigs Ltd. and Niverville Swine
 Breeders Ltd. (the "Applicants")

Application under: The Companies' Creditors Arrangements Act,
R.S.C. 1985, c. C-36, as Amended

AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN THE 14TH DAY OF NOVEMBER, 2012
DATE OF HEARING: FRIDAY, NOVEMBER 16, 2012 AT
2:00 P.M.

TAYLOR McCAFFREY LLP
Barristers and Solicitors
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AFFIDAVIT OF LARRY SVEINBJORN JOHNSON

I, LARRY SVEINBJORN JOHNSON, of the Rural
Municipality of East St. Paul, in the Province of Manitoba,
Chartered Accountant,

MAKE OATH AND SAY THAT:

1. I am the Chief Financial Officer of The Puratone Corporation ("TPC"), Pembina Valley Pigs Ltd. ("PVP") and the Niverville Swine Breeders Ltd. ("NSB") the Applicants of the proceedings herein (hereinafter collectively referred to as the

"**Applicants**") and as such I have personal knowledge of the following facts and matters hereinafter deposed to by me except where stated to be based upon information and belief and in those I do verily believe to be true.

2. Pursuant to the Approval and Vesting Order granted on November 8, 2012 this Honourable Court approved the Transaction contemplated by the November 1, 2012 Asset Purchase Agreement between the Applicants and Maple Leaf Foods Inc. or its permitted Assignee (the "**Purchaser**"). The Asset Purchase Agreement was consented and agreed to by Deloitte & Touche Inc. in its capacity as Monitor of the Applicants ("**Monitor**"). Further, paragraph 13 of the Approval and Vesting Order provided as follows:

THIS COURT ORDERS that the transfer of the Applicants' shares and limited partnership units and related agreements, in the following companies/limited partnerships free and clear of Shareholder Rights as provided in the Sale Agreement:

Bond Hog Ventures Ltd.
Horizon Livestock Poultry Supply Ltd.

JVCO Transport Ltd.
Heritage Hogs Limited
Pura Organics Limited Partnership
Paradigm Farms Ltd.
Parks Livestock of Canada, Limited Partnership

(hereinafter collectively referred to as the “**Partially Owned Subsidiaries**”).

shall be considered by the Court on Friday, November 16, 2012 at 2:00 p.m.

Puratone's Interest in the Partially Owned Subsidiaries

3. As previously disclosed in the materials filed with this Honourable Court on the Initial Application and, more recently stated in the Supplementary Affidavit of Raymond Alan Hildebrand sworn November 6, 2012 (“**Supplementary Affidavit**”), the Applicants together with wholly owned and the Partially Owned Subsidiaries constitute a fully integrated hog production business under the "Puratone" banner with several of the subsidiaries constituting critical components to the integrated operation.

4. The shares or units of the Partially Owned Subsidiaries are not publicly traded and are subject to restrictions on transfer arising from their respective shareholder or limited partnership agreements. A summary of the basic ownership structure of the Partially Owned Subsidiaries as obtained from the Applicants' records was summarized in the Supplementary Affidavit but for ease of reference I repeat it here:

Bond Hog Ventures Ltd. ("Bond Hog")	Common Shares Ownership
TPC	50 percent
Bruce Bond	25 percent
Murray Bond	25 percent

Horizon Livestock & Poultry Supply Ltd. ("Horizon")	Common Shares Ownership
TPC	50 percent
5074401 Manitoba Inc. (Sheridan, Heuser, Provis Inc.)	50 percent

JVCO Transport Ltd. ("JVCO")	Common Shares Ownership
TPC	50 percent
Steve's Livestock Transport (Blumenort) Ltd.	50 percent

Heritage Hogs Ltd. ("Heritage")	Common Shares Ownership
TPC	50 percent
Jacob Kasdorf	17 percent
Jason Kasdorf	16.5 percent
Judy Kasdorf	16.5 percent

Pura Organics Limited Partnership ("Pura")	Limited Partnership Units
Bond Hog Venture	4.2 percent
Heritage Hogs Limited	3 percent
Niverville Swine Breeders	7.4 percent
Paradigm Farms	13 percent
TPC	72.4 percent

Paradigm Farms Ltd. ("Paradigm")	Common Shares Ownership
TPC	33.13 percent
63 Other Common Shares ¹	66.87 percent

Parks Livestock of Canada Limited Partnership ("Parks")	Limited Partnership Units
TPC	19.47 percent
Hylife	24.75 percent
Maple Leaf Agrifarms	3.86 percent
Steve's Livestock	10.5 percent
GLSM ²	41.64 percent

¹ Paradigm's shareholders register identifying the common shareholders as well as its 85 class D Preference Shareholders is attached as Exhibit "7" to the Supplementary Affidavit.

² Great Lakes Specialty Meats Ltd., an affiliate of Parks.

Transfer/Assignment Restrictions

5. There are variations between the different shareholder agreements and memoranda for the Partially Owned Subsidiaries with respect to restrictions on transfer and in that respect I highlight the following:

Bond Hog

6. Attached hereto and marked as **Exhibit “1”** is the Memorandum of Agreement (USA) dated May 15, 1997 with regard to Bond Hog. The following clauses in the Bond Hog USA are relevant to the rights of the Bond Hog shareholders:

- (a) Right of First Refusal (Section 4.03): In the event a shareholder receives an offer to purchase their shares from a 3rd party, the agreement provides for a right of first refusal to the other shareholders of Bond Hog.
- (b) Unanimous Approval to Transfer (Sections 1.03 and 4.02): Shareholders can unanimously approve a transfer of shares other than as is expressly provided for in the agreement [*Sec. 1.03*]. Otherwise there is a general prohibition on transfers or other dealings with the shares except as expressly set out in the agreement [*Sec. 4.02*].

Horizon

7. Attached hereto and marked as **Exhibit “2”** to this my Affidavit is the Term Sheet dated December 12, 2005, with regard to Horizon. Although there is no USA between the parties to the Term Sheet, the same parties have operated in a manner substantially consistent with the Term Sheet's terms. The following terms in the Horizon Term Sheet are relevant to the rights of the Horizon Shareholders:

- (a) Right of First Refusal (Section 11.2): In the event of an offer for all of the shares of Horizon, there is a right of first refusal to the shareholder not wishing to accept the offer and, if not exercised, a “tag along” requiring that shareholder to sell.
- (b) General Prohibition on Sale (Section 11.1): There is an express prohibition on any sale of partial ownership positions.

JVCO

8. Attached hereto and marked as **Exhibit “3”** to this my Affidavit is the Shareholders Agreement dated July 1, 2008, along with a corresponding Term Sheet, with regard to JVCO. The following clauses in the JVCO Shareholders’ Agreement and Term Sheet are relevant to the rights of the JVCO shareholders:

- (a) Bankruptcy or Insolvency (Section 14): In the event of bankruptcy or insolvency of a shareholder, including making an assignment or proposal under applicable legislation, JVCO has the option to purchase the shares of the bankrupt or insolvent shareholder at net book value.
- (b) Prohibition on Transfer (Section 10.1 of Term Sheet): Although the JVCO USA does not contain an express prohibition on the sale or transfer of shares, the corresponding Term Sheet, which purports to be binding on the parties, does contain an express prohibition on any sale of partial ownership positions.

Heritage

9. Attached hereto and marked as **Exhibit “4”** to this my Affidavit is the Memorandum of Agreement (USA) dated October

5, 1999 with regard to Heritage. The following clauses in the Heritage USA are relevant to rights of the Heritage shareholders:

- (a) Bankruptcy of TPC (Section 3.01): In the event of TPC's bankruptcy, the Trustee of TPC is obliged to sell TPC's shares to the Kasdorf Family in accordance with the Agreement's Fair Value Formula.
- (b) Right of First Refusal (Section 4.03): In the event a shareholder receives an offer to purchase their shares from a 3rd party, the agreement provides for a right of first refusal to the other shareholders of Heritage.
- (c) Unanimous Approval to Transfer (Sections 1.03 and 4.02): The Heritage shareholders can unanimously approve a transfer of shares other than as is expressly provided for in the agreement [*Sec. 1.03*]. Otherwise there is a general prohibition on transfers or other dealing with the shares except as expressly set out in the agreement [*Sec. 4.02*].

Pura

10. Attached hereto and marked as **Exhibit "5"** to this my Affidavit is the Limited Partnership Agreement dated September 18, 1998, with regard to Pura. The following clauses in the Pura Limited Partnership Agreement are relevant to rights of the partners of Pura:

- (a) Approval Required for Transfer of Limited Partner's Interest (Section 10.02): No limited partner shall sell, assign or transfer its interest without the written consent of the limited partners holding no less than 75% of the outstanding units.
- (b) Right of First Refusal Among Limited Partners (Section 10.05): In the event of an arm's length third party offer, there is a right of first refusal in favour of the other limited partners.
- (c) Bankruptcy or Insolvency of Limited Partners (Section 11.02): Any commencement of proceedings under bankruptcy or insolvency laws by a limited partner not vacated in 60 days, or any assignment for the benefit of creditors against its limited partnership interest, is an event of default, triggering a right in favour of non-defaulting limited partners to purchase the interest at a discounted price equal to the total capital contributions less 20%.

Paradigm

11. Attached hereto and marked as **Exhibit "6"** to this my Affidavit is the Memorandum of Agreement (USA) dated June 6, 1997, as amended September 29, 1999, with regard to Paradigm. The following clauses in the Paradigm USA are relevant to rights of the Paradigm Shareholders:

- (a) Right of First Refusal (Section 4.01): Any shareholder that wishes to withdraw (sell its shares of Paradigm) is required to offer all of its shares to the other shareholders. If there are not sufficient shareholders willing to buy all of the shares, then the selling shareholder can sell its shares to a third party.
- (b) Majority Approval to Transfer (Section 1.03): Any transfer of shares requires approval by confirming resolution of the shareholders.
- (c) Bankruptcy or Insolvency (Section 3.01): In the event of bankruptcy or insolvency of a shareholder, that shareholder's shares of Paradigm are required to be offered to the other shareholders to purchase at fair value, as determined in accordance with the terms of the agreement.

Parks

12. Attached hereto and marked as **Exhibit "7"** to this my Affidavit is the Limited Partnership Agreement for Parks dated May, 2004. The clauses in the Agreement of Limited Partnership which are relevant to the transfer of rights of the limited partners are as follows:

Registration and Transfer of Units (Sections 9.1(f) and 3.5(c))

- (a) For a Class A limited Partner, the transfer of units must be approved by the GP and the majority of Class A Limited Partners [*Sec 9.1(f)*], on the terms and conditions set forth in the Offering Notice [*Sec 3.5(c)*].

Substitution of Limited Partners (Section 9.4)

- (b) A Limited Partner of a Unit shall not have the power or right to substitute the transferee of such a Unit unless:
 - (i) an instrument is executed and acknowledged by the GP that the transferee has become a Limited Partner;
 - and (ii) any other duly executed and acknowledged written instrument are accepted by the GP at the GP's discretion, including the written acceptance and adoption of the Limited Partnership Agreement by the transferee and an executed Marketing Agreement.

13. Had this Transaction occurred at a time when the Applicants were not insolvent, the transfer of the Applicants' interest in the Partially Owned Subsidiaries would require the consent and/or compliance with the applicable share/unit holders agreements. I have been advised by Ray Hildebrand that since the public announcement of the Asset Purchase Agreement he has attempted to discuss the consent issue with some of the major share/unit holders. Furthermore, efforts are being undertaken with

the cooperation of the Purchaser to try to obtain the voluntary consents of major share/unit holders. However, due to the tight time lines required to comply with the consent requirements of the Asset Purchase Agreement and our need to try to close the Transaction by mid-December, it is not practical to obtain consents from all the share/unit holders or otherwise navigate through the various rights and restrictions applicable to the Partially Owned Subsidiaries.

14. I do not believe there are any monetary defaults or breaches to the agreements or memorandums governing the shares/units for the Partially Owned Subsidiaries save and except the declared insolvency of the Applicants and their acceptance of the Asset Purchase Agreement. I also understand that the Monitor supports the transfer of the Applicants' interests in the Partially Owned Subsidiaries as part of the Transaction previously approved by the Court.

Other Agreements Relating to the Partially Owned Subsidiaries

15. Pursuant to the Asset Purchase Agreement, the Purchaser had authority to add additional agreements to be assigned to it under the "Assumed Contracts" schedule on or before November 9, 2012.

16. In that respect I point out that in addition to the share/unit holder agreements identified as Exhibits 1 through 7 to this my Affidavit, the Purchaser added a number of additional agreements to the Assumed Contracts Schedule including the following agreements with the Partially Owned Subsidiaries:

- (a) Weanling Purchase and Hog Marketing Contract dated December 31, 2004 between TPC and Bond Hog.
- (b) Weanling Purchase and Hog Marketing Contract dated August 30, 2004 between TPC and Heritage Hog.
- (c) Hog Marketing Contract and Risk Management Agreement dated January 12, 2010 between TPC and Paradigm.
- (d) CND Cull Sow Purchase and Sales Agreement dated December 1, 2011 between Parks Livestock of Canada, LP and TPC.

- (e) Administration Agreement dated August 15, 2010 between TPC and Bond Hog.
- (f) Administration Agreement dated March 12, 2010 between TPC and Heritage Hog.
- (g) Subordinated Debenture dated June 22, 2012 issued by Paradigm to TPC in the principal amount of \$147,500.00.

(hereinafter the "**Other POS Agreements**")

17. It is the Applicants responsibility under the Asset Purchase Agreement to obtain the consents to assign all Assumed Contracts on or before November 16, 2012 failing which the Applicants are obliged to seek the Court's assistance for an Order authorizing the assignment as part of the Transaction. The Applicants, with the assistance and cooperation of the Purchaser, are endeavouring to obtain consents but it will be logistically impossible to obtain all consents within the contemplated time lines.

18. While it is the Applicants' intention to bring any necessary motion for an Order to assign the Assumed Contracts which have not received consent at the hearing date currently

reserved for Thursday, November 22, 2012 at 9:00 a.m., on the advice of counsel, it was decided that to the extent that this Court would be dealing with the shares/units and related agreements of the Partially Owned Subsidiaries on the Friday, November 16, 2012 hearing, the assignment of the Other POS Agreements should also be addressed at the same time.

Other Agreements

19. Attached hereto and marked as **Exhibit "8"** to this my Affidavit is the Weanling Purchase and Hog Marketing Contract between Bond Hog and TPC dated December 31, 2004. While Section 30 restricts assignment by Bond Hog without TPC's consent, there is no prohibition against assignment by TPC.

20. Attached hereto and marked as **Exhibit "9"** to this my Affidavit is the Weanling Purchase and Hog Marketing Contract between Heritage and TPC dated August 30, 2004. While Section 30 restricts assignment by Heritage without TPC's consent, there is no prohibition against assignment by TPC.

21. Attached hereto and marked as **Exhibit "10"** to this my Affidavit is the Hog Marketing Contract and Risk Management Agreement between Paradigm and TPC dated January 12, 2010. While Section 28 restricts assignment by Paradigm without TPC's consent, there is no prohibition against assignment by TPC.

22. Attached hereto and marked as **Exhibit "11"** to this my Affidavit is the CND Cull Sow Purchase and Sales Agreement between Parks and TPC dated December 1, 2011. Section 14 of the Agreement states that the agreement may not be assigned by either party without the express written consent of the other party.

23. Attached hereto and marked as **Exhibit "12"** to this my Affidavit is the Administration Agreement between Bond Hog and TPC dated August 15, 2010. Section C(1)(i) of the agreement states that the agreement shall terminate when any shareholder of Bond Hog, or outside party as approved by Bond Hog and TPC, has purchased TPC's shareholdings in the Bond Hog. Meanwhile,

section 4 states that the agreement is not assignable by either Bond Hog or TPC.

24. Attached hereto and marked as **Exhibit "13"** to this my Affidavit is the Administration Agreement between Heritage and TPC dated March 12, 2010. Section C(1)(i) states that the agreement shall terminate when any shareholder of Heritage Hog, or outside party as approved by Heritage Hog and TPC, has purchased TPC's shareholdings in Heritage Hog. Meanwhile, section 4 states that the agreement is not assignable by either Heritage Hog or TPC.

25. Attached hereto and marked as **Exhibit "14"** to this my Affidavit is the Subordinated Debenture issued by Paradigm to TPC dated June 22, 2012, which is in the principal amount of \$147,500.00. Section 11.02 states that the Debenture is a negotiable instrument and freely assignable.

No Monetary Defaults/Purchaser Able to Perform

26. I am not aware of any monetary defaults or breaches to the Other POS Agreements save and except the declared insolvency of the Applicants and the acceptance of the Asset Purchase Agreement. I can further indicate that there are no monetary defaults existing under the Other POS Agreements.

27. To my knowledge the Purchaser is a recognized leader in the hog industry in this country and has the expertise and financial resources of which to perform the obligations under the Other POS Agreements.

28. The Other POS Agreements are integral to the Purchaser being able to continue the integrated business operations known as "Puratone". To the extent that the Other POS Agreements are not allowed to be assigned, the Transaction may be at risk if the Purchaser takes the position that the agreements in question are material to the Transaction as a whole.

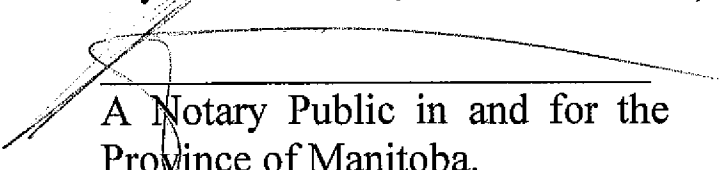
29. I make this Affidavit *bona fide* and in support of the Applicants' motion to:

- (a) authorize the transfer of the Applicants' shares and limited partnership units in the Partially Owned Subsidiaries to the Purchaser; and
- (b) assign the Applicants' interests in the Assumed Contracts between the Applicants, the Partially Owned Subsidiaries and their shareholders/unit holders to the Purchaser.

SWORN BEFORE ME at the)
City of Winnipeg, in the)
Province of Manitoba, this 14th)
day of November, 2012.)



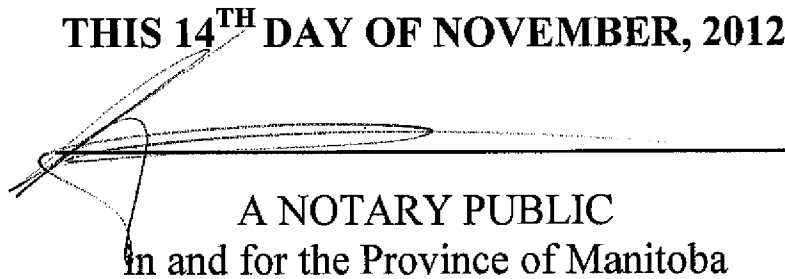
**LARRY SVEINBJORN
JOHNSON**



A Notary Public in and for the
Province of Manitoba.

QB File No. CI 12-01-79231

**THIS IS EXHIBIT "1" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 14TH DAY OF NOVEMBER, 2012**



A NOTARY PUBLIC
in and for the Province of Manitoba

MEMORANDUM OF AGREEMENT made as of the 15th day of May 1997

BETWEEN:

THE PURATONE CORPORATION

(hereafter called "Puratone"),

OF THE FIRST PART,

- and -

BRUCE WILLIAM BOND

(hereafter called "Bruce"),

OF THE SECOND PART,

- and -

MURRAY RALPH BOND

(hereinafter called "Murray")

OF THE THIRD PART,

- and -

BOND HOG VENTURES LTD.

(hereafter called the "Corporation"),

OF THE FOURTH PART.

WHEREAS:

- (1) The parties to this agreement (other than the Corporation) are the only shareholders in the Corporation;
- (2) Puratone is the registered and beneficial owner of 8 common voting shares and 2 common non-voting shares in the Corporation, Murray is the registered and beneficial owner of 4 common voting and 1 common non-voting shares in the Corporation, and Bruce is the registered and beneficial owner of 4 common voting and 1 common non-voting shares in the Corporation;
- (3) The parties wish to deal, among other things, with their rights as shareholders;

NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:

ARTICLE I

UNANIMOUS SHAREHOLDERS AGREEMENT

1.01 The parties hereto declare this to be a Unanimous Shareholders Agreement within the meaning of The Corporations Act.

1.02 The directors shall not be entitled to take any action out of the ordinary course of business unless such action is approved by a confirming resolution of the shareholders.

1.03 Without limiting Article 1.02 the following shall, except where the provisions of this Agreement require a greater number of votes, require approval by confirming resolution of the shareholders, namely:

- (a) the issue of shares in the Corporation;
- (b) any amendment to the general by-laws of the Corporation;
- (c) the borrowing of monies;
- (d) the entering into of any contract or arrangement other than in the ordinary day to day affairs of the Corporation.

For the sake of clarity, it is understood and agreed that the transfer of any shares in the Corporation, other than as provided herein shall require the unanimous approval of the shareholders.

1.04 Any shareholder or group of shareholders holding 35% or more of the voting shares may require a shareholders meeting to be held to consider matters referred to in the notice requesting the meeting and any resolution passed by the shareholders shall be of the same force and effect as if passed by the directors and approved by a confirming resolution of shareholders.

1.05 A "confirming resolution of shareholders" shall mean a resolution passed at a meeting of the shareholders at which not less than 51% of the votes cast at such meeting shall vote approval of such action, or in lieu of a meeting, a resolution signed by a shareholder or shareholders representing at least 51% of all outstanding voting shares in the Corporation and this provision shall apply not only for the purpose of this agreement but with respect to all corporate action.

ARTICLE II

OPTION TO BUY ON DEATH

2.01 Upon death of Bruce or Murray (hereinafter the "deceased") then unless the deceased has already provided in his will for the transfer of all but not less than all of his shares in the Corporation (the "Shares") to an immediate family member or members, or unless within 90 days of the death of the deceased (the "Initial Period") the personal representatives of the deceased have transferred all such Shares to one or more immediate family members of the deceased, then the survivor of Bruce and Murray shall have the option of purchasing all, but not less than all of the Shares of the deceased by notice in writing to the personal representatives of the deceased and the Corporation given within a further 90 day period after the expiry of the Initial Period (the "Second Option Period").

2.02 The terms on which Shares may be purchased, unless otherwise agreed upon by the party purchasing and the personal representatives of the deceased, are as follows:

- (a) the purchase price payable for Shares shall be the fair value thereof determined in accordance with the provisions of Article VIII;
- (b) the purchase price shall at the option of the optionee be payable in cash or by term payments. If payable in cash, it shall be payable forthwith following the exercise of the option. If by term payments then the provisions set forth in Schedule "A" shall apply to each term purchase. Closing shall take place not later than 30 days following the expiry of the Second Option Period.

2.03 If all the Shares owned by Bruce or Murray, as the case may be, are not purchased as herein provided, then the option provided in paragraph 2.01 shall be null and void and of no further effect and Puratone shall have the option to acquire all but not less than all of the Shares of the deceased on the same terms as provided in paragraph 2.02, by notice in writing given to the personal representatives of the deceased before the expiry of 90 days after the expiry of the Second Option Period. In the event that Puratone fails to purchase the Shares, then the personal representatives shall be free to dispose of the Shares to any person subject however to the terms of this Agreement.

ARTICLE III

ADDITIONAL OPTIONS

3.01 On the bankruptcy or permanent disability of Bruce or Murray (the "bankrupt"), the options as provided in Article II shall mutatis mutandis apply as if the bankrupt had died on the date of assignment in bankruptcy or if disabled, on the date which the qualification period expires as hereinafter provided. Permanent disability shall mean illness or accident which prevents the shareholder from attending to the business and

affairs of the Corporation (including physical labour performed) in the same manner as prior to the accident or illness, for a period of at least 180 consecutive days.

3.02 Bruce and Murray (the "optionees") shall have the option of purchasing all, but not less than all of the common non-voting shares of Puratone in the Corporation, provided however that the said option may only be exercised within a period of 30 days following a determination, if any, of fair market value of shares by the shareholders in accordance with Article VIII and provided further that the optionees must also purchase from Puratone such portion of Puratone's shareholder advances and loans to the Corporation as are in excess of their proportionate share of common shares of all classes after taking into account the sale of the common non-voting shares to the optionees. Closing of the sale of the common non-voting shares shall take place on the 10th business day following service of the notice exercising the option. The purchase price of the common non-voting shares shall be the fair market value thereof determined in accordance with Article VIII as aforesaid and shall be paid, together with any portion of Puratone's shareholder advances or loans as aforesaid, in cash on closing.

3.03 Bruce and Murray (herein collectively the "Bonds") may at any time, but not more than once in any calendar year, offer to purchase all but only all of the common shares in the Corporation held by Puratone (the "Puratone Shares") by notice in writing (the "Offer") to Puratone stating therein (i) the price per share, and (ii) whether the price per share is inclusive or exclusive of the value of the shares held by the Corporation in Arborg Feeds Ltd. (the "Arborg Shares"). For the Offer to be validly made pursuant to this Article 3.03, the Offer must also provide that:

- (a) the Bonds shall also purchase from Puratone all of Puratone's shareholder advances and loans to the Corporation at the face amount thereof;
- (b) Puratone shall be released from any and all guarantees of the liabilities of the Corporation;
- (c) the purchase price for the Puratone Shares shall be paid in cash or by certified or solicitor's trust cheque on the closing;
- (d) closing of the purchase and sale (the "Closing") shall be 30 days from delivery of the Offer (the "Closing Date"); and
- (e) the address and fax number of one of them for the purpose of service of notices or documents pursuant to this Article 3.03.

Except for conditions respecting the delivery of transfers of the Puratone Shares and resignations of nominees of Puratone as directors and/or officers of the Corporation, no further conditions shall be required by the Offer.

Upon receipt of the Offer, Puratone shall have 10 days to either accept the Offer by notice in writing to that effect delivered to Bonds or submit a counter-offer as hereinafter provided. If Puratone accepts the Offer and the Offer is inclusive of the value of the

Arborg shares, then the parties shall proceed to close the transaction of purchase and sale. In the event that the Offer is exclusive of the value of the Arborg Shares, then Puratone's acceptance shall, without reference to that effect, be conditional upon conclusion of the value and disposition of the Arborg Shares as set forth in Article 3.04 and subject thereto, the transaction shall be closed concurrently with the disposition of the Arborg Shares in accordance with Article 3.04.

In lieu of accepting the Offer, Puratone may serve written notice to Bonds (the "Counter-Offer") that it offers to purchase all but not less than all of Bonds' common shares in the Corporation on the same terms and conditions as the Offer except that the price per share shall be as stated in the Counter-Offer, and closing shall be on the same date as contemplated by the Offer. Upon receipt of the Counter-Offer, Bonds shall have 5 days to either accept the Counter-Offer and sell to Puratone or, at Bonds' option, to purchase all of Puratone's shares in the Corporation on the same price per share and terms (the "Reply Notice"). If Bonds accept the Counter-Offer and the Counter-Offer is inclusive of the value of the Arborg shares, then the parties shall proceed to close the transaction of purchase and sale. In the event that the Offer is exclusive of the value of the Arborg Shares, then Bonds' acceptance shall, without reference to that effect, be conditional upon conclusion of the value and disposition of the Arborg Shares as set forth in Article 3.04 and subject thereto, the transaction shall be closed concurrently with the disposition of the Arborg Shares in accordance with Article 3.04.

Notwithstanding the foregoing, in the event the Offer or Counter-Offer is exclusive of the value of the Arborg Shares, closing of the sale of shares of the Corporation shall be postponed to a date which is concurrent with the closing of the disposition of the Arborg Shares as provided in Article 3.04.

Failure to respond to an Offer with a notice accepting the Offer or a Counter-Offer within the times above provided shall be deemed acceptance of the Offer. Failure to respond to a Counter-Offer with a notice of acceptance or Reply Notice shall be deemed acceptance of the Counter-Offer.

3.04 In the event that the value of the Arborg Shares is excluded from an accepted Offer or Counter-Offer in respect of which a Reply Notice has been served then Bonds and Puratone shall have a further period of 10 days from service of such notice of acceptance or Reply Notice (the "Determination Period") to determine a value for the Arborg shares satisfactory to both parties. In the event that Bonds and Puratone are unable to agree to a value for the Arborg Shares within the Determination Period then the value shall be deemed to be equal to the cost thereof to the Corporation and for the purposes of the adjustments provided in sub-paragraphs (a) and (b) hereafter, such value shall be deemed to be the agreed value. In the event that Bonds and Puratone are able to agree on the value of the Arborg Shares within the Determination Period then:

- (a) the purchase price of the shares in the Corporation being sold shall be adjusted by adding thereto an amount equal to that proportion of the agreed value of the Arborg Shares that the number of common shares of the Corporation being

sold is to the total number of common shares of the Corporation outstanding at the date of the Offer;

(b) the party selling its shares in the Corporation shall purchase from the Corporation such number of the Arborg Shares as equals the proportion thereof that the number of common shares of the Corporation being sold is to the total number of common shares of the Corporation outstanding at the date of the Offer, at a price per share determined in accordance with the agreed value of the Arborg Shares; and

(c) the purchase of the proportion of the Arborg Shares as aforesaid shall be closed on a date which is 5 days after the expiry of the Determination Period and the purchase price shall be paid in cash, or by certified or solicitor's trust cheque on closing.

3.05 For the purposes of this Article III, whenever a period of time is provided for and the expiry of such period falls on a Saturday, Sunday or statutory holiday, such period shall be extended to the next following day which is not a Saturday, Sunday or statutory holiday.

ARTICLE IV RESTRICTIONS ON ISSUE OR TRANSFER OF SHARES AND RIGHT OF FIRST REFUSAL

4.01 Except for shares now issued no further shares shall be issued without the written consent of all the shareholders and then unless otherwise unanimously agreed, they shall be offered to the shareholders pro rata to their then shareholdings at the same price and on the same terms.

4.02 Except as expressly provided in this agreement, there shall be no right in any person to deal in any manner whatsoever with any shares in the Corporation and no person shall acquire any interest therein either at law or in equity, nor shall any person be entitled to pledge or charge his shares or any interest therein without the consent in writing of all shareholders holding voting stock. All share certificates in the capital stock of the Corporation issued shall have an appropriate endorsement as required by the provisions of The Act. In the event any shares are transferred, the transferee shall be bound by the terms of this agreement and execute a separate agreement if requested to do so.

4.03 Subject to paragraph 4.04, in the event that a shareholder (the "Notifier") shall receive a *bona fide* offer (the "Third Party Offer") from an arm's length third party (the "Third Party") for all but not less than all of the Notifier's shares in the Corporation (the "shares"), the Notifier shall not accept such Third Party Offer without first giving written notice (the "Refusal Offer") to the other shareholders (the "Offerees") offering to sell the shares to the shares to the Offerees on the same terms and conditions *mutatis mutandis* as contained in the Third Party Offer, a true copy of which shall be annexed to

the Refusal Offer, or shall only accept such Third Party Offer subject to the rights of the other shareholders as herein provided.

The Offerees shall have 15 days (the "*Refusal Period*") from the receipt of the Refusal Offer to agree, by notice in writing to the Notifier (the "*Reply*") to purchase the shares. If more than one of the Offerees agrees to purchase the shares, the provisions of Article VIII shall apply to determine the number of such shares which each may purchase. Closing of the purchase and sale shall take place on the later to occur of 15 days following the expiry of the Refusal Period and the date provided in the Third Party Offer, in accordance with the provisions of the Third Party Offer, *mutatis mutandis*.

If none of the Offerees agree to purchase within the Refusal Period, or if not all of the shares are agreed to be purchased by Offerees within the said period, then all of the Offerees shall be deemed to have rejected the offer contained in the Refusal Offer and the Notifier shall have the right to conclude the sale of the shares to the Third Party within the later of the date for closing set forth in the Third Party Offer and 90 days following the expiry of the Refusal Period (the "*Closing Period*"), subject however to the following conditions:

- (a) title to or interest in the shares shall not pass until the Third Party agrees in writing to become a party to and be bound by the terms of this Agreement; and
- (b) if either:
 - (i) the sale to the Third Party shall not close within the Closing Period; or
 - (ii) the terms and/or conditions contained in the Third Party Offer are amended or the Notifier is prepared to accept amendment, in writing or otherwise, to provide terms or conditions more favorable to the Third Party than contained in the Refusal Offer;

then the Notifier shall not sell the shares without first offering them again to the Offerees in accordance with this paragraph, and so on from time to time.

4.04 The provisions of paragraph 4.03 shall not apply in respect of a purchase and sale between Bruce and Murray or their immediate family members or in respect of the sale or transfer by Puratone of any shares in the Corporation acquired from another shareholder. Except as aforesaid, in the event that one of Bruce or Murray is the Notifier (but not both at the same time in respect of the same Third Party or person related to the Third Party), then although all other shareholders shall have the right to receive the Refusal Offer, the one of Bruce or Murray which is not the Notifier shall have the right to purchase all, but only all, of the shares offered to the exclusion of the other shareholders if so elected by it in its Reply.

ARTICLE V
RIGHTS AND OBLIGATIONS OF SHAREHOLDER(S)

5.01 The shareholders, as shareholders, covenant that they will vote their shares in such manner so that two nominees of Puratone of the one part, and one nominee of each of Bruce and Murray, of the other part, will be elected as a directors of the Corporation, so long as they are shareholders in the Corporation. Unless the shareholders otherwise unanimously agree, the number of directros shall be four.

ARTICLE VI
RIGHTS AND OBLIGATIONS OF FORMER SHAREHOLDERS

6.01 If any shareholder(s) shall purchase the interest of any other shareholder, then the one purchasing shall indemnify and save harmless the Vendor or the Vendor's estate of all liability that the Vendor incurred on behalf of the Corporation, and if more than one shareholder purchases such indemnity shall be joint and several and the purchasers shall use their best endeavours to obtain a release of the Vendor from any obligation assumed by the Vendor on behalf of the Corporation.

6.02 The provisions of paragraph 6.01 herein shall apply in like manner to any liability incurred by an individual for the Corporation.

ARTICLE VII
PRO RATA PURCHASE OF SHARES

7.01 Except where otherwise provided in this Agreement, where any shareholders are permitted or required to purchase shares from another shareholder, unless they otherwise agree, such purchase shall be pro rata according to the number of common shares held by them respectively at such time. Where shareholders are entitled to purchase shares, such purchase shall be pro rata according to the number of common shares already held by them respectively, provided that no shareholder shall be obligated to take more than the said maximum number of shares desired by him. If any of the common shareholders do not in such event claim his proportionate amount of shares, the unclaimed shares shall be used for satisfying the claims of other common shareholders for excess shares, and if the claims which are in excess are more than sufficient to exhaust the excess, then the unclaimed shares shall be divided pro rata among the common shareholders desiring the excess shares in proportion to their then existing common shareholdings, but not exceeding the maximum amount desired by each of them, until all such shares are purchased. Provided however, no shareholder shall be required to sell any of his shares in the Corporation unless all his shares are so purchased, but nothing shall restrict the obligations of the remaining shareholders to purchase all shares in the manner and to the extent expressly provided by this Agreement.

ARTICLE VIII

FAIR VALUE BY ARBITRATION

8.01 For the purpose of this agreement "the fair value of shares" shall mean, unless the parties shall otherwise agree, the value per share determined by arbitration. If the parties concerned can agree upon one arbitrator, fair value shall be determined by a single arbitrator; otherwise the person or persons offering his shares or required to sell, shall appoint one arbitrator and the one required or entitled to buy shall appoint one arbitrator and the arbitrators so appointed shall appoint a third and the decision of the majority of three arbitrators shall be binding on all parties concerned. In determining what is fair value, the arbitrator or arbitrators shall determine what the Corporation is worth as a going concern and if necessary, may appoint experts and advisors for the purpose of assistance; provided however that no value shall be attributed to good will and assets shall be valued at replacement cost less annual depreciation of 3% on buildings and 6% on equipment; provided further however, if the shareholders have within a period of one year from the date as to which the valuation is to be determined, agreed in writing as to the value of the Corporation as a going concern, such valuation being made on the assumption that there are no debts or liabilities of the Corporation, then the value of common shares of the Corporation shall be computed by deducting from the value of the Corporation agreed upon, all the debts and liabilities of the Corporation as of the relevant date, and the value of preference shares then issued and dividing this value by the number of common shares in the Corporation then outstanding. Preference shares (if any) shall be valued in accordance with their value based on the rights of the owners thereof. No premium shall be applied to common voting shares and no discount to common non-voting shares.

ARTICLE IX

LOANS

9.01 Any monies required by the Corporation for its corporate purposes shall, where possible, be borrowed by the Corporation, and each of the shareholders of the Corporation shall subordinate any of their claims against the Corporation to any financial institution prepared to lend the Corporation monies. If the Corporation is unable to borrow all necessary funds, each shareholder shall be responsible for lending the Corporation such monies as may be necessary in the same ratio that the number of common shares owned by each of them bears to all common shares then outstanding. If any shareholder shall fail to advance the required amount of money, then the other shareholders may arrange for such financing as may be appropriate in the circumstances and shall have a first charge on the shares and interest of those persons who have failed to advance the monies and shall be entitled to receive all costs incurred with respect to such borrowing; provided however that until any such charge is realized by disposition of such shares, the shareholder in whose name such shares are registered shall be entitled to vote such shares without restriction.

9.02 The approval of a shareholder or shareholders holding more than 50% of common voting shares shall be required for capital expenditures in excess of \$50,000.00.

9.03 Unless otherwise agreed by all shareholders (irrespective of classes of shares) the Corporation shall distribute the maximum amount of cash available in accordance with the following:

- (a) Firstly to retire the obligations of the Corporation to any person other than shareholders in accordance with arrangements made with any lender;
- (b) To setting up a reasonable reserve for future obligations;
- (c) Payment of interest, if any, on shareholders' loans;
- (d) Retirement of principal on shareholders' loans pro-rata on the basis of the amount loaned except if a person had advanced more than his share of the loans, he shall be entitled to have his loan reduced to his proportionate share first.

ARTICLE X

OUTSIDE OFFER

10.01 Notwithstanding anything to the contrary herein contained, in the event that a bona fide offer for all of the shares in the Corporation is received from an outsider(s), and if a majority of the shareholders of the Corporation are desirous of accepting such offer (hereinafter called "the acceptors") and if others are not, (hereinafter called the "refusers") the refusers shall be entitled to purchase from the acceptors their shares in the Corporation paying to them the same price that they would have received and in the same manner had the sale to the outsider(s) gone through and in the event that the outsider(s) were prepared to give and/or obtain indemnifications and/or guarantees or obtain releases of any obligations for which any one or more of the parties to this agreement are liable then unless the refusers are able to give guarantees and/or indemnifications or obtain releases of equivalent value, then all parties shall sell to the outsider(s), the acceptors shall be entitled to carry out such sale on behalf of the refusers.

10.02 "Majority of shareholders" shall mean a person or persons holding a majority of the voting shares in the Corporation.

10.03 "Outsider(s)" shall mean a person or persons not related to any of the shareholders and who is dealing at arms-length. "Related person" and "arms-length" shall have the same meaning as that given under the provisions of The Income Tax Act of Canada.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 In the event that a winding up of the Corporation is required by the provisions of this agreement as herein set forth, the shareholders agree that they and each of them will do all such things necessary or desirable therefor, and the provisions contained in this agreement for the winding up of the Corporation may be specifically enforced by mandatory injunction issued by a court of competent jurisdiction, damages not being considered an adequate remedy.

11.02 In the event that any court of competent jurisdiction shall hold any provision or provisions contained in this agreement to be invalid nevertheless the remaining provisions shall be in force and effect and deemed severable from any such provision or provisions. Without restricting the generality of the foregoing, the provision whereby the parties agree to bind themselves as shareholders shall be deemed severable from the provisions whereby they agree to bind themselves as directors and this agreement shall be construed accordingly.

11.03 The Corporation insofar as it lies in its power to do so agrees to be bound by the terms of this agreement and to do and perform all such acts and things in its power to perform fully and effectually as provided in this agreement and further agrees insofar as it lies in its power to refrain from so doing, not to do anything contrary to the provisions of this agreement.

11.04 The shares of any person shall include any shares held by any nominee or trustee.

11.05 If any person shall in accordance with the provisions of this agreement, sell all his shares in the Corporation, the provisions of this Agreement shall continue to apply to the remaining shareholders.

11.06 As soon as the shares in the capital stock of the Corporation owned by any shareholder shall be purchased by the other or others, the Corporation shall pay to the Vendor any monies owing to the Vendor and may at its option take the same period of time for paying such monies and shall pay the same rate of interest as provided for in Schedule "A" with respect to the purchase of shares. If the Vendor shall be indebted to the Corporation, the Vendor shall before being entitled to payment for his shares, pay to the Corporation, all monies owing by the Vendor to the Corporation. For clarity, it is agreed that the provisions of this clause shall apply not only to shares of the parties hereto, but to the shares owned by any other person as a result of operation of law and whether as a result of death, insanity or bankruptcy.

11.07 Where a person is entitled to purchase shares as provided for in this agreement and fractional ownership of shares will result, the shares may be transferred to any one or more shareholders entitled thereto, as trustee for all the persons entitled thereto

and only to the percentage interest of any shareholder in such shares so held shall be considered that person's share.

11.08 All the provisions of this agreement entitling a person to require the purchase or sale of shares in the Corporation, shall include such person, his personal representative or representatives, any person entitled to such shares by transmission or operation of law as a result of the death, bankruptcy or insanity of a shareholder, and such rights may be exercised even though such person is not the registered holder of those shares and even though such person is not entitled to become the registered holder of shares.

11.09 Subject to any provisions of law respecting the Corporation then in force, in lieu of purchasing shares, the Corporation may redeem any shares at the same price that would have been payable if any shareholder being a party to this agreement were purchasing.

11.10 Where this agreement requires the winding-up, any shareholder may require that before proceeding with such winding up, the Corporation shall use its best efforts to sell all of its assets as a going concern including the goodwill thereof (but without any restrictive covenants by the individuals) and thereupon the shareholders shall do all things necessary so that the said sale may be carried out either for cash or on terms on the most advantageous terms to the Corporation and following such sale the Corporation shall proceed forthwith to wind-up. If said sale is not concluded within six months in any event, then the winding up shall be forthwith proceeded with. The parties shall be entitled to bid at any such sale in competition with the general public.

11.11 The expression "winding up" shall include "dissolution" as defined in the Act.

11.12 Any notice, direction, waiver, or other document required or permitted to be given hereunder shall be in writing and may be given by mailing the same postage prepaid and registered to the shareholders or the Corporation as follows:

- (a) The Puratone Corporation
Box 460
Niverville, Manitoba
R0E 1E0
- (b) Bruce William Bond
Box 72
Teulon, Manitoba
R0C 3B0
- (c) Bond Hog Ventures Ltd.
Box 460

Niverville, Manitoba
R0E 1E0

- (d) Murray Ralph Bond
Box 495
Teulon, Manitoba
R0C 3B0

Any notice, direction, waiver or other document aforesaid if mailed shall be deemed to have been received on the fourth (4th) business day following the day on which it was mailed. Any party may from time to time change the address to which notices are to be given.

ARTICLE XII

INTERPRETATION

12.01 In this agreement unless the context otherwise requires, "individual" or "individuals" shall mean an original party to this agreement other than the Corporation or a corporation.

12.02 In this agreement the singular shall include the plural and vice versa, the male gender shall include the female gender and vice versa and each shall include the neuter gender and the neuter gender shall include the male and female gender.

12.03 "The Act" means the statute under which this Corporation has been incorporated or any Act substituted therefor as amended from time to time, but reference shall be to The Act and amendments thereto in force at each relevant time.

12.04 In this agreement, unless the context otherwise requires:

(a) "Common Shares" shall mean a share, the holder of which is not precluded upon the reduction or redemption of the capital stock from participating in the assets of the Corporation beyond the amount paid up thereon plus a fixed premium and a defined rate of dividend;

(b) "Preference Shares" shall mean a share other than a common share (as defined in this Article);

(c) "Person" shall include a body corporate;

(d) "Corporate shareholder" shall mean Puratone;

(e) "Immediate family member" shall mean in respect of any individual, that individual's spouse and children.

This agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE PROPERLY EXECUTED THE DAY AND YEAR FIRST ABOVE WRITTEN.

BOND HOG VENTURES LTD.
PER: _____

THE PURATONE CORPORATION
PER: _____

Witness

BRUCE WILLIAM BOND

Witness

MURRAY RALPH BOND

SCHEDULE "A"

Provisions to apply in the event that one or more persons may purchase shares in the Corporation on terms.

(a) The Purchaser shall make a down payment equal to 25% of the purchase price. The balance of the purchase price inclusive of interest referred to in paragraph (b) shall be payable in equal monthly installments for such number of months as the Purchaser desires not exceeding in any event 60 months. The first of such monthly payments shall commence on the first day of the calendar month next following the month in which the purchase was made. Additional amounts may be paid without notice or bonus. All payments shall be applied firstly on interest and then on principal.

(b) Interest at the rate equal to 1% per annum above the prime lending rate of the Bank of Montreal shall be payable on the amount from time to time outstanding both before and after maturity, as well as both before and after default.

(c) The Purchaser shall pledge the shares being purchased to the Vendor as security until the full purchase price and interest has been paid.

(d) If the Purchaser shall be in arrears of payment for thirty consecutive days, or shall do anything contrary to the provisions hereof, then the full amount shall be immediately due and payable if demanded.

(e) All the shares being purchased shall be endorsed in street form and deposited with the solicitor of the Corporation to be held subject to the provisions hereof.

(f) So long as the Purchaser is not in default hereunder, then he shall have an irrevocable proxy to vote all the shares in the capital stock of the Corporation being purchased except he shall not be entitled to have any powers to vote them for any of the matters forbidden by the provisions of sub-paragraph (g). All dividends on the shares purchased shall, while the Purchaser is not in default hereunder, belong to the Purchaser, but shall be applied forthwith on the monies owing after deducting income taxes due thereon.

(g) The Purchaser shall not allow nor shall the Corporation do any of the following and the doing of any of the following by the Corporation shall be deemed a breach of this purchase agreement:

(i) The Corporation shall not purchase any capital assets costing more than \$100,000 without the consent in writing of the Vendor but nothing herein contained shall preclude the corporation from purchasing any property in the ordinary course of its business;

(ii) The Corporation shall not incur any obligations in excess of \$100,000 without the consent in writing of the Vendor other than usual trade obligations;

(iii) The Corporation shall not sell or otherwise dispose of any of its assets except in the ordinary course of its business;

(iv) The Corporation shall not cease to carry on business or threaten to cease to carry on business;

(v) The Corporation shall not pass any resolution for its winding up;

(vi) The Corporation shall not fail to meet all of its trade obligations and other obligations in the usual course of business and shall not allow any writs or other process of court to be outstanding;

(vii) The Corporation shall not fail to pay all taxes, rates charges and shall not fail to insure its assets to the full insurable value;

(viii) The Corporation shall not issue any additional shares in its capital stock except to persons agreeing to pay or paying therefor their value determined in accordance with the agreement with respect to which this was a schedule and unless such additional capital shares as are issued to the Purchaser are pledged forthwith with the solicitor to be held pursuant to this agreement;

(ix) The Corporation shall not, in any year, computed from the date of purchase, pay to any shareholder:

(A) salary or commission in excess of the amount previously paid to such shareholder prior to the sale of the shares of the Vendor; and

(B) any bonus in excess of an amount equal to the average of the bonuses paid to such shareholder in the three years prior to the sale of the shares of the Vendor;

plus an additional amount equal to the payments due hereunder and income tax payable on the additional payments. For the purpose hereof, shareholder shall mean the Purchaser and any person related to such a shareholder. The definitions now contained in Section 251 of The Income Tax Act of Canada respecting related persons shall mutatis mutandis apply;

(h) As soon as the Purchaser is in default hereunder, the following shall apply:

(i) If the purchase money is not paid within the required time as hereinbefore provided, title to all shares of the Purchaser shall forthwith vest in the name of the Vendor to be held and for such purposes the Vendor is hereby irrevocably appointed the attorney of the Purchaser to execute all transfers and to cause the name of

the Vendor and his nominee or nominees to be entered on the Register of Shareholders as holder of the shares of the Purchaser;

(ii) Until full payment of the purchase price including interest, the Vendor shall be entitled to exercise full voting rights with respect to all such shares being sold by the Vendor and the shares of the Purchaser and to act as a director, officer, employee or otherwise of the Corporation and to declare such dividends as to him shall seem desirable. All dividends declared on shares shall be deemed paid to the Purchaser, but shall in fact be applied to the purchase and the net amount thereof, less any taxes required to be paid by the Vendor either on his own behalf or on behalf of the Purchaser thereon, shall be credited to the purchase price. While managing the business of the Corporation, the Vendor shall be entitled to be paid a reasonable salary. Any sum paid by way of salary to the Vendor shall not be credited against the purchase price;

(iii) As an additional right, the Vendor shall be entitled at any time and from time to time while such monies remain unpaid, to sell all or any of the said shares, being both the Vendor's and Purchaser's shares by public or private sale and the net proceeds received for the sale of any such shares shall be applied on the debt owing by the Purchaser to the Vendor. After the full purchase price remaining unpaid, including interest, has been paid, any shares remaining shall be transferred to the Purchaser. After all such shares are sold, any surplus, if any, after paying the purchase price and interest, shall be paid over to the Purchaser, but if there is any deficiency, then the deficiency shall be payable forthwith by the Purchaser to the Vendor and shall be recoverable by action;

(i) So long as there are monies due to the Vendor:

(a) The Vendor shall be entitled to any information and reports that a director of the Corporation is entitled to, including, without restricting the generality of the foregoing, full consultations with the corporation's auditors and inspection of all relevant corporate documents and the Corporation's auditors are hereby authorized to consult with and reveal such information to the vendor as may be requested by the Vendor pursuant hereto;

(b) The Vendor shall be entitled at all reasonable time to make a full and complete enquiry into the affairs of the corporation including all necessary inspections and interviewing and whether by himself or by persons named by him or by others to ascertain that the provisions of this agreement are being complied with and complete assistance and cooperation shall be given to the Vendor for such purposes; but the Vendor shall not participate in day to day management nor shall he interfere with the day to day business of the corporation.

Failure by any person to comply with the provisions of this sub-clause shall render all monies immediately due and payable.

(j) If more than one person signs as Purchaser then their covenants shall be joint and several.

**THIS IS EXHIBIT "2" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 14TH DAY OF NOVEMBER, 2012**



A NOTARY PUBLIC
in and for the Province of Manitoba

TERM SHEET

FOR THE PURPOSE OF DESCRIBING THE PLAN OF MERGER AND REORGANIZATION OF:

THE PRODUCT SALES SEGMENT OF SHERIDAN, HEUSER, PROVIS INC.
(hereinafter "**SHP**")

WITH:

THE AGRI-MART DIVISION OF THE PURATONE CORPORATION
(hereinafter "**Puratone**")

RECITALS

- A. SHP (or any successor corporation of SHP) and Puratone intend to effect a merger of their respective medication, farm products, and hardware sales activities in accordance with the Letter of Intent established on March 28, 2005 and based upon the Terms and Conditions outlined herein.
- B. The resulting newly established corporate joint venture, Agri-Mart Ltd. (hereinafter "**Agri-Mart**"), will be beneficially owned 50% by Puratone, and beneficially owned 50% by SHP. The bylaws and shareholder agreements related to Agri-Mart will be established in accordance with the provision set forth herein.
- C. Agri-Mart will initially operate 5 locations identified by:
 - The 2 existing SHP offices located in Steinbach and Winnipeg and,
 - The 2 existing Puratone offices located in Arborg and Winkler and,
 - The existing Agri-Mart store located in Niverville
- D. Agri-Mart will assume the lease relating to the Niverville location, and will enter into lease agreements with Puratone and SHP for their respective locations.
- E. Agri-Mart will purchase all existing inventory and other existing capital from Puratone and SHP required to continue operating the sales outlets.
- F. The effective date for this transaction will be January 1, 2006.

GENERAL TERMS & CONDITIONS

1. DESCRIPTION OF TRANSACTION

- 1.1 AGREEMENT AND PLAN OF MERGER AND REORGANIZATION. An Agreement and Plan of Reorganization will be executed by Puratone and SHP.
- 1.2 ESTABLISHMENT OF AGRI-MART LTD. A numbered company incorporated in Manitoba will be acquired, with 50% of the common share capital owned by Puratone and 50% of the common share capital owned by SHP (or any successor corporation of SHP set up for the purposes set out herein). A registration will be subsequently filed to change the name to Agri-Mart Ltd..
- 1.3 ACQUISITION OF INVENTORY. SHP and Puratone will sell all inventory to Agri-Mart for the amount of recent cost of these goods in exchange for a demand promissory note of respective amounts. Any inventory that has been held by either party for a period of more than 12 months preceding the effective date will be deemed obsolete and not be included in this transaction, but the party carrying the inventory will have the right to market through Agri-Mart this obsolete inventory for a period not to exceed 12 months from the effective date, and shall be entitled to receive 100% of any money received from the successful sale of this inventory.
- 1.4 ACQUISITION OF STORE CAPITAL. Puratone will sell all capital related to the operation of the Arborg, Niverville, and Winkler locations and identified in Schedule A for the values listed therein in exchange for a demand promissory note. SHP will sell all capital related to the operation of the Steinbach and Winnipeg locations and identified in Schedule B for the values listed therein in exchange for a demand promissory note.
- 1.5 ACQUISITION OF NIVERVILLE AGRI-MART LEASEHOLD IMPROVEMENTS. Puratone will transfer all leasehold improvements related to the Niverville location to Agri-Mart identified in Schedule C for net book value as specified therein in exchange for a demand promissory note.
- 1.6 ASSIGNMENT OF NIVERVILLE PROPERTY LEASE. Puratone will assign the existing Lease Agreement between Medi-Plan Health Consulting Ltd., the Town and Niverville and The Puratone Corporation dated February 24, 2005 (attached as Exhibit I) to Agri-Mart.
- 1.7 SURVIVAL OF AGRI-MART REPRESENTATIONS. Agri-Mart will continue to honour all existing agreements involving Puratone and all existing agreements involving SHP. All material Agreements are provided in Exhibit II.
- 1.8 INDEMNIFICATION OF AGRI-MART. Agri-Mart will be indemnified by Puratone and SHP, in writing as a part of the closing documentation, against all claims arising from the merged operations of Puratone and SHP prior to the closing date. Liability to each party shall extend only to those liabilities attributed to their individual operations prior to merger. Tax liability shall extend to the length required to exhaust all appeal periods by the Canada revenue Agency and all others for a period of 24 months.

1.9 TRANSFER OF EMPLOYEES. Agri-Mart will employ all Agri-Mart employees of the Niverville location, and compensate SHP monthly for the SHP employees in Steinbach and Winnipeg in accordance with the rates and allocations provided in Schedule D, and compensate Puratone monthly for the Puratone employees in Arborg and Winkler in accordance with the rates and allocations provided in Schedule D; who are directly involved and primarily engaged in product sales and related transaction processing. The names and functions of the personnel involved are identified on Schedule E.

2. FEES AND EXPENSES

2.1 PAYMENT OF FEES AND EXPENSES. All fees and expenses related to the establishment and reorganization of the merger will be assumed by Agri-Mart.

3. INTERIM OPERATIONS OF PURATONE AND SHP

3.1 ENTERING INTO AGREEMENTS. Neither Puratone nor SHP shall enter into any material agreements or contracts that can be reasonably expected to survive the merger and during the interim period between the execution of the Term Sheet and the completion of the Transactions without first conferring with and obtaining the consent of the other party, with said consent not to be unreasonably withheld.

3.2 OPERATING PROCEDURES. Puratone and SHP will not change operating procedures and practices in any material way during the interim period between the execution of the Term Sheet and the completion of the Transactions without first conferring with and obtaining the consent of the other party, with said consent not to be unreasonably withheld.

4. AGRI-MART BOARD OF DIRECTORS AND SHAREHOLDER REPRESENTATION

4.1 BOARD COMPOSITION. The Agri-Mart Board of Directors will consist of 2 directors appointed by SHP and 2 directors appointed by Puratone. The appointed members must be executive members of the respective companies.

4.2 COMPANY OFFICERS. The appointment of the offices of President, Vice-president, and Secretary will require majority consent of all Directors.

4.3 PHARMACEUTICAL COMPLIANCE OFFICER. SHP will appoint a Pharmaceutical Compliance Officer from one of the licensed veterinarians employed by SHP subject to the acceptance of the appointee by 3 of the 4 Agri-Mart directors. The accepted compliance officer will oversee all procurement and distribution of pharmaceutical products to ensure that these substances are handled appropriately and in accordance with all legislative requirements. This Officer will also be involved in the periodic negotiation of pharmaceutical procurement terms with the suppliers of these products.

4.4 SHAREHOLDER REPRESENTATION. Puratone and SHP shall both be entitled to appoint 3 individuals to represent and cast their votes at duly called and legally constituted Shareholders Meetings.

5. FINANCIAL STRUCTURE & RELATED ITEMS

- 5.1 CAPITAL STRUCTURE. The authorized capital stock of Agri-Mart will consist of 100 shares of voting Common Stock, of which SHP will be the beneficial holder of 50, and Puratone will be the beneficial holder of 50.
- 5.2 DEBT STRUCTURE. Agri-Mart will seek to establish a revolving credit facility intended to fund no less than 50% and no more than 75% of the inventory and accounts receivable. Agri-Mart may enter into additional term credit facilities from time to time, subject to limitations surrounding debt ratios as specified below.
- 5.3 RATIO COVENANTS. Agri-Mart will operate within a debt to equity ratio of no greater than 1.5:1, and a working capital ratio of no less than 1.2:1.
- 5.4 YEAR END. The fiscal year end of the Company will be September 30th.
- 5.5 FINANCIAL AUDIT. The records of the Company will be audited unless otherwise determined by unanimous agreement of the shareholders. The initial auditor will be a company qualified to provide audit opinions who is mutually agreed to by both Puratone and SHP and does not have a significant business relationship to either party.
- 5.6 LEGAL COUNSEL. The general solicitors for the Company will be Duboff, Edwards, Haight & Schlachter of Winnipeg, MB.

6 . RELATED PARTY TRANSACTIONS

- 6.1 LEASE FEES FOR BRANCH LOCATIONS. Agri-Mart will enter into a 2 year lease arrangement with SHP for that portion of their Steinbach and Winnipeg premises that is utilized in merchandizing. Agri-Mart will enter into a 2 year lease arrangement with Puratone for that portion of their Arborg and Winkler premises that is utilized in merchandizing. The initial square footage and the lease rates (fixed over the 2 year period) is provided in Schedule F. The lease rates include all utilities, property taxes, janitorial, maintenance, and all other costs associated with maintaining the space allotted for merchandising activity. Any improvement deemed desirable or necessary for the continued use of the space for the intended retailing purpose will be at the cost of Agri-Mart unless otherwise agreed to by the effected shareholder.
- 6.2 VETERINARY SUPPORT SERVICES. Agri-Mart will enter into a 1 year service contract with SHP for a daily fee of \$850.00 to provide the following veterinary support services (but not limited to) to the enterprise:
- All functions related to provision of a Pharmaceutical compliance officer
 - Development of a Fact Sheet for product use
 - Development and implementation of Standard Operating Procedures for prescriptions
 - Development of ordering policies
 - Liason with Manitoba Veterinary Association as required.
 - Product knowledge support for sales staff

It is anticipated that one day per week will be required for this support, but this will be reviewed periodically and changed as required and all fees will be billed on a fee for service (based upon time) basis. This contract is to be renewed annually with any change in fees mutually agreed to by SHP and Puratone. In the event that agreement cannot be reached, both parties consent to referring the establishment of these fees to the Company Auditor.

6.3 ADMINISTRATIVE INFRASTRUCTURE SUPPORT SERVICES. Agri-Mart will enter into a 1 year service contract with Puratone for a monthly fee of \$20,000 to provide the following administrative support services to the enterprise:

- Information systems hardware and AccPac software
- Periodic accounting and monthly financial statement reporting
- Finance & treasury functions
- Credit management and collections (excluding legal fees)
- Tax planning and compliance
- Arrangement of insurance
- Information systems management & support
- Human resources management
- Executive management review of operations

This contract is to be renewed annually with any changes in fees mutually agreed to by SHP and Puratone. In the event that agreement cannot be reached, Agri-Mart will pursue the provision of these services by an alternative arms-length provider, or alternatively, seek to develop the expertise internally.

6.4 SHAREHOLDER PURCHASES OF AGRI-MART PRODUCTS. Puratone and SHP and all affiliated companies of either party will always receive the lowest price (net of all rebate programs offered) that is being offered by Agri-Mart at any time to any other customer. Puratone and SHP will be required to purchase all products that Agri-Mart sells from Agri-Mart, except in those instances where Puratone or SHP is disadvantaged by buying from Agri-Mart, either by cost, quality or other indirect quantifiable benefit that is available from other sources but not provided by Agri-Mart. Neither Puratone or SHP will be permitted to resell any products purchased by Agri-Mart, or in any other way engage in the sale of products in direct competition to Agri-Mart.

7. CONDITIONS OF CLOSING

7.1 CLOSING SCHEDULE. The timing of transactions and related closing schedule follows:

- | | |
|--|-------------------|
| • Review and sign off of Term Sheet | December 15, 2005 |
| • Press release | December 15, 2005 |
| • Submission of transferred inventory and capital assets | January 1, 2006 |
| • Completion of Puratone and SHP due diligence | January 1, 2006 |
| • Consents and approvals | January 1, 2006 |
| • Execution of definitive Agreement | February 1, 2006 |

7.2 DUE DILIGENCE. The matters of due diligence required prior to closing follow:

- Location inspections and suitability verification
- Review of inventory and capital assets submitted
- Review of material agreements

7.3 CLOSING CONDITIONS. The conditions precedent prior to closing are:

- Adequate financing in place
- Acceptance of Shareholders Agreement

TERMS OF UNANIMOUS SHAREHOLDERS AGREEMENT

8. GOVERNANCE ISSUES

8.1 ITEMS REQUIRING UNANIMOUS SHAREHOLDER CONSENT.

- Winding up of the business
- Sale of all or substantially all of the assets
- Any change in the issued and outstanding shares of the Company, notwithstanding the provisions set forth in section 11.2
- Any issuance of convertible debentures, stock options, warrants, or any other agreements to issue shares
- Changes to existing share rights
- Amendment to Articles and By-laws
- Change in number of Directors and Board composition requirements
- Change in profit distribution policy
- Amendments to the USA
- Restructuring or reorganization of the Company
- Change in Auditors
- Change in general solicitors

8.2 ITEMS REQUIRING UNANIMOUS BOARD OF DIRECTOR CONSENT

- Actions that would result in a failure by Agri-Mart to meet certain specified thresholds in working capital or debt to equity ratios or that would constitute a breach of any of Agri-Mart's covenants to secured lenders.
- Dividend declarations
- Material or fundamental change in the business, assets, liabilities, or financial condition
- Management fees to shareholders

8.3 ITEMS REQUIRING MAJORITY BOARD OF DIRECTORS CONSENT

- Approval of annual budget and business plan
- Securing of additional lending facilities
- Change in primary bank
- Change in year end or discretionary accounting policies
- Any changes in the offices of President, Vice-president, Secretary, or CEO/General Manager
- Employment policy including changes to wage scale, benefits, organizational structure, large scale lay-offs, or hiring campaigns
- Any change to the Pharmaceutical Compliance Officer
- Remuneration paid to key employees
- Transactions out of the ordinary course of business
- Any contract, agreement, or commitment of Agri-Mart with Puratone or SHP or any other person who is not at arm's length
- Approval of annual audited financial statements
- Individual capital expenditures exceeding \$10,000

9. PROFIT DISTRIBUTION

- 9.1 EARNINGS RETENTION. All earnings will be distributed to shareholders except those amounts required to provide reasonable assurance that the Company will be able to operate without impairment and within all financial covenants, both internal as specified in article 5.3 herein and external as required from time to time by lenders to the Company. These amounts, identified as surplus, shall hereinafter be referred to as "surplus cash".
- 9.2 DISTRIBUTION FREQUENCY. Surplus cash will be determined quarterly and after receipt and review of the internally prepared financial statement for the Company and the anticipated cash requirements of the budget and business plan for the remainder of the year. Said determination and the resulting surplus cash will be distributed within 90 days of each fiscal quarter end.
- 9.3 PRIORITY OF DISTRIBUTION. The distributions will be made:
- Firstly to repay whatever shareholder amounts are required to result in remaining shareholder advances to be in amounts pro-rata to their common share ownership.
 - Secondly to repay shareholder loan amounts in proportion to their common share ownership.
 - Thirdly to pay management fees as deemed appropriate by the Board of Directors.
 - Lastly to pay outstanding dividend declarations.
 - None of the above priorities should preclude or interfere with effective tax planning for Agri-Mart and the shareholders.

10. SHAREHOLDER ADVANCES

- 10.1 SHAREHOLDER LOANS. If a cash flow deficiency occurs or is projected by the Company, and the amount of any available outside financing is less than such deficiency, the Company shall provide a notice (the "loan notice") to the shareholders informing them of the amount of additional shareholder loan required, which amount (the "deficit amount") shall be determined by the Directors of the Company in their absolute discretion. Concurrent with the delivery to the Shareholders of the loan notice, there shall be delivered to each Shareholder a Notice of Special Meeting for the purpose of determining the additional Shareholder Loan equal to the deficit amount, in which case each of the Shareholders shall be requested to do so within five (5) working days, failing which should any shareholder be unable or unwilling to contribute to such Shareholders Loan, there shall be no absolute requirement to do so but the other terms of this Agreement shall apply.
- 10.2 INTEREST ON SHAREHOLDER LOANS. For any party who provides the shareholders loan pursuant to this section of the agreement, that party shall receive interest on such additional loan at the prime rate charged by the Company's banker from time to time plus eight percent per annum on such additional loan payable by the Company prior to any monies being paid to reduce any other shareholders loans and/or payment of any dividends.
- 10.3 SHAREHOLDER FUNDING REQUIREMENTS. In the event the loan notice is provided and any shareholder(s) choose not to advance their portion of the deficit amount, the other shareholder may choose to provide the shortfall and in consideration for these funds, will receive the interest rate set out in 10.2 above

and during its currency such loan shall carry the right to convert the loan, on 90 days notice to the shareholder who did not provide sufficient funds, to common shares of the shareholder who did not provide sufficient funds in such amounts as to cause the resulting common share ownership to perfectly reflect the combined investment of shareholder advances and common share ownership using the net book value of the common shares as the basis for valuation. The number of common shares transferred will be determined using the net book value as derived from the most recently prepared balance sheet of Agri-Mart in accordance with GAAP. Any such transfers will not require shareholder consent.

11 . SHARE TRANSFERS

- 11.1 SALE OF PARTIAL HOLDINGS. No sales of partial ownership positions of Puratone or SHP will be allowed.
- 11.2 RIGHT OF 1ST REFUSAL & TAG ALONG PROVISION. In the event SHP or Puratone receives a bonafide offer for all of the issued and outstanding shares of Agri-Mart, the other shareholder will have the first right of refusal to purchase all shares on the same terms and conditions as the offer. In the event the right of first refusal is not exercised and the offeree wishes to accept the offer received by the third party, all shareholders will be required to accept this offer.
- 11.3 SURVIVAL OF PURCHASE AGREEMENT. In the event of a sale of controlling interests in Puratone followed by the exercise of the shotgun clause by an SHP bid, Puratone will be required to continue to purchase farm supplies in accordance with the provisions set forth in article 6.4 for a period not less than three years from the date of the change in Puratone control.
- 11.4 SHOTGUN CLAUSE. In the event SHP or Puratone wishes to terminate the joint venture partnership of Agri-Mart, either party can, at any time but not before two years has elapsed from the date of the merger, make an offer for all of the issued and outstanding shares of Agri-Mart. The other partner must then either accept the offer, or purchase all of the issued and outstanding shares of the offeror on the same terms and conditions as contained in the offer.

12.0 DISPUTE RESOLUTION

- 12.1 APPLICATION. In the event there is a dispute amongst the parties hereto concerning either the interpretation of this Agreement or any questions dealing with the operation of the Company, and the dispute is in an amount of less than \$100,000.00, the issue in dispute shall be resolved by arbitration
- 12.2 ARBITRATION PROVISIONS. The following provisions shall apply to any dispute, difference or question arises among the parties hereto concerning any Section or Sections of this Agreement to which arbitration applies:

a) Initiation of Arbitration

arbitration shall be initiated by one party giving notice (the "Arbitration Notice") to the other party or parties to the dispute of his desire to have a matter arbitrated in accordance with this section, and shall state the matter which the initiating party wishes to have arbitrated;

b) Single Arbitrator

the matter requiring arbitration shall be referred to a single arbitrator if one can be mutually agreed upon by the parties to the dispute, difference or question within seven business days of the Arbitration Notice being given;

c) Multiple Arbitrators

in the event that the parties to the dispute, difference or question cannot agree upon a single arbitrator, then each party involved in the arbitration shall name one arbitrator within a further period of seven business days there from, and the arbitrators so named shall appoint one more arbitrator, unless the appointing of one more arbitrator would result in there being an even number of arbitrators, in which case the arbitrators shall appoint two more arbitrators;

d) Refusal to Appoint

if one of the parties to the arbitration refuses or neglects to appoint an arbitrator within the period herein set out, then the arbitrator appointed by the other party to the arbitration shall sit and hear the arbitration;

e) Reference to Court

in the event that the arbitrators named by the parties to the arbitration cannot agree upon the additional arbitrator or arbitrators as above provided within seven business days of the date of the appointment of the last of them, then, after the expiry of such seven business day period, any one of the parties to the arbitration may apply to a judge of the Court of Queen's Bench of Manitoba or its successor to appoint the additional arbitrator or arbitrators to sit and hear the arbitration;

f) Arbitration Decision

the decision arrived at by a single arbitrator or a majority of the arbitrators, as the case may be, shall be binding upon all the parties to the arbitration and no appeal shall lie there from;

g) Submission under Act


the provisions of this section shall be deemed to be a submission to arbitration within the provisions of *The Arbitration Act* (Manitoba).

AGREEMENT BINDING

13.1 This agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors and administrators.

The terms and conditions outlined in this document are accepted on this 12th day of December 2005 by:

SHERIDAN, HEUSER, PROVIS INC.

Per: 

Title: vice-president

I have the authority to bind the Corporation.

THE PURATONE CORPORATION

Per: 

Title: President

I have the authority to bind the Corporation.

SCHEDULE A

List of capital required for operation of the Niverville branch

COMPONENT	INITIAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Cooler	5,302	221	5,081
Counters	6,235	263	5,972
Forklift	34,165	379	33,786
Furniture	14,312	707	13,605
Gondola shelving	7,278	297	6,981
Computer hardware	903	45	858
Office equipment	1,654	54	1,600
Product displays	6,620	860	5,760
Racking	40,720	1,524	39,196
Shelving	126	3	123
Signage	3,215	109	3,106
Supplies	7,341	296	7,045
Trucks & trailers	38,504	5,604	32,900
	166,375	10,362	156,013

SCHEDULE A

List of capital required for operation of the Arborg branch

COMPONENT	QUANTITY	DESCRIPTION	ESTIMATED VALUE
Cooler	1	6' x 2.5' x 6.5'	3,000
Sales Counters	1	11' x 14'	1,750
Shelving (store)	1	24' - 2 sides	2,400
	4	3' x 6' - 2 sides	2,400
	2	3' X 13' - 2 sides	2,600
	1	2' x 9' boots	225
	1	2' x 15' 1sided	750
Racking (Warehouse)	4	Gondola 4'	1,600
	1	Rolling 2' x 4' hose & rope display	200
	100'	3 tier warehouse racking	3,000
Furniture	1	photo copier / fax	lease
	1	shredder	300
	7	4 drawer filing cabinets	160
	1	safe - 3drawer	200
	1	kitchen, frig, micro, table , 8 chairs.	1,000
Signage	1	Illuminated 4' x 8', 2 sided pole sign	3,000
	1	4' x 8' - 2sided road sign	300
	1	16' x 10' Billboard Road sign	400
Forklift	1	Nissan Model 30	15,000
	1	Hyster Model 30H	3,000
Computer hardware	4	computer systems	2,000
	2	workstation desks	500
			43,785

SCHEDULE A

List of capital required for operation of the Winkler branch

COMPONENT	QUANTITY	DESCRIPTION	ESTIMATED VALUE
Cooler	1	72" x 30" x 72"	3,000
Sales Counters	1	160" x 24" x 42"	1,750
Shelving (store)	6	48" x 32" x 72"	2,400
	3	48" x 32" x 54"	1,200
	2	48" x 28" x 72"	800
Racking (Warehouse)	10	8' x 4' x 12'	3,000
	4	12' x 4' x 12'	1,400
	6	36" x 18" x 72"	540
Product displays	1	8' x 4' x 8'	240
	1	48" x 24" x 60"	200
Furniture	1	72" x 24" 72"	300
	3	Office Desks	750
	3	Office Chairs	150
	1	Chest Freezer (44" x 24" x 35")	100
	2	2 Drawer Metal File Cabinets	160
Signage	2	File Cabinets (36"x20"x66")	160
	2	Roadside	3,000
	1	Billboard	300
Forklift	1		11,000
Computer hardware	4	computer systems	2,000
	2	Printers	200
			32,650

SCHEDULE B

List of capital required for operation of the Steinbach branch

COMPONENT	QUANTITY	DESCRIPTION	ESTIMATED VALUE
Cooler	1	4.5' x 2.5'	3,000
Walk-in	1	9' x 10' x 8'	4,000
Special Cooler	1	Ultra Cool Freezer for vaccine - full frig size	9,462
Sales Counter	1	4' high x 8' long, workstation / sale counter	
Shelving	24'	slat wall	2,400
	96'	shelving - 16" deep	
	24pcs	shelf support tracks	
	96pcs	shelf brackets	
Racking (storage room)	13	18" x 36" x 6'	600
Product Display	1	small display table	50
Furniture	1	Bar Fridge	220
	3	2 Drawer file cabinet	130
	1	apartment size freezer	100
	1	Telephone/Reception Workstation	3,500
	1	Andrea workstation - portion of	5,000
Computers	1	PC and monitor - sales counter/workstation	1,100
	1	Printer - front workstation	250
	1	Telephone/Reception PC and Printer 1/2 portion	1,350
	1	Portion of Photocopier and Fax machine	4,843
	1	Andrea PC and Printer - portion of	850
			36,855

SCHEDULE B

List of capital required for operation of the Winnipeg branch

COMPONENT	QUANTITY DESCRIPTION	ESTIMATED VALUE
Cooler	1 2 Door 4' x 2.5' x 7'	3,000
Walk-in	1 8' x 10' x 8'	4,000
Sales Counter	1 Reception Counter/Workstation (L shape, 42" high walls, 7' x 10')	2,125
	1 6' of credenzia and filing cabinet	750
Shelving	35' slat wall, five feet high	4,500
	180' 12" wide shelving	
	12 pcs shelf support tracks	
	52 brackets	
	24 slat wall pegs	
Racking (storage room)	9 19' x 36" x 6'	570
Furniture	1 Bar Fridge	220
	1 small apartment freezer	100
	2 2 drawer filing cabinet	120
	1 Kirstie office workstation	
Computers	1 front workstation PC and monitor	1,100
	1 front workstation printer	250
	1 Kirstie PC - portion of	1,100
	1 Kirstie Printer - portion of	250
	1 fax, front workstation	180
	1 photo copier - portion of	4,663
		22,928

SCHEDULE C

List of leasehold improvements made at the Niverville branch

COMPONENT	INITIAL COST	ACCUMULATED DEPRECIATION	NET BOOK VALUE
Design work	920	31	889
Construction	78,232	2,262	75,970
Fixtures	499	12	487
Heating & mechanical	7,907	207	7,700
Electrical	7,725	172	7,553
Telephone system	11,482	255	11,227
Security system	1,550	35	1,515
Sign	660	14	646
Yard	350	4	346
Computer systems install (Puratone est.)	5,000	750	4,250
	114,325	3,742	110,583

SCHEDULE D

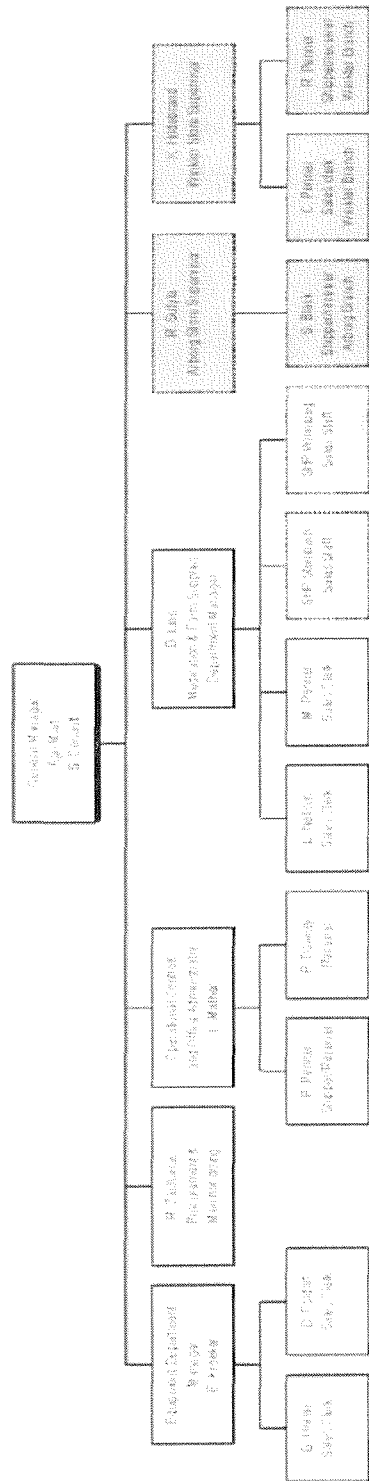
Employee allocations in Arborg, Winkler, Steinbach, Winnipeg branches

EMPLOYEE	ANNUAL GROSS PAY	BENEFITS @ 20%	TOTAL ANNUAL COST	ALLOCATION	AGRI-MART FEE
Steinbach					
Person #1	24,440	4,888	29,328	100%	29,328
Person #2	24,440	4,888	29,328	100%	29,328
Person #3	<u>32,864</u>	<u>6,573</u>	<u>39,437</u>	50%	<u>19,718</u>
	81,744	16,349	98,093		78,374
Winnipeg					
Person #1	23,400	4,680	28,080	100%	28,080
Person #2	<u>23,400</u>	<u>4,680</u>	<u>28,080</u>	50%	<u>14,040</u>
	46,800	9,360	56,160		42,120
Winkler					
Kevin Hildebrand	36,500	7,300	43,800	100%	43,800
Curt Penner	20,800	4,160	24,960	100%	24,960
Randy Penner	<u>17,680</u>	<u>3,536</u>	<u>21,216</u>	100%	<u>21,216</u>
	74,980	14,996	89,976		89,976
Arborg					
Sonny Black	22,880	4,576	27,456	100%	27,456
Donna	28,000	5,600	33,600	100%	33,600
Roland Sutyla	<u>25,459</u>	<u>5,092</u>	<u>30,551</u>	50%	<u>15,275</u>
	76,339	15,268	91,607		76,331
	279,863	55,973	335,835		286,802

SCHEDULE E

Organizational chart for Agri-Mart human resources

Agri-Mart Organizational Chart



SCHEDULE F

Lease fees for Agri-Mart Branches

	---- PURATONE FACILITIES ----		----- SHP FACILITIES -----	
	ARBORG	WINKLER	STEINBACH	WINNIPEG
Estimated expenses				
Building insurance	2,000	1,750	-	-
Utilities	3,500	3,000	2,741	2,297
Office expenses	4,886	6,812	18,733	6,412
Property/business taxes	1,500	1,500	3,854	702
Yard expenses	2,200	2,200	1,430	-
Telephone & fax	6,620	5,460	12,000	2,521
	<u>20,706</u>	<u>20,722</u>	<u>38,758</u>	<u>11,932</u>
<i>Square footage (store & common areas)</i>	<i>2,316</i>	<i>2,100</i>	<i>1,809</i>	<i>1,111</i>
<i>Costs per square foot</i>	<i>\$ 8.94</i>	<i>\$ 9.87</i>	<i>\$ 21.43</i>	<i>\$ 10.74</i>
Store net lease				
Square footage (store)	2,175	1,392	1,809	1,111
Square footage (common areas @ 50%)	141	708	-	-
Base lease fee (store)	<u>\$ 5.00</u>	<u>\$ 5.00</u>	<u>\$ 5.00</u>	<u>\$ 8.08</u>
	11,580	10,500	9,045	8,977
Warehouse net lease				
Square footage (warehouse)	4,120	3,356	-	-
Base lease fee (warehouse)	<u>\$ 2.50</u>	<u>\$ 2.50</u>	<u>\$ 2.50</u>	<u>\$ 2.50</u>
	10,300	8,390	-	-
Total annual fee	42,586	39,612	47,803	20,909

EXHIBIT I

<insert Lease Agreement for Bronstone Property in Niverville>

EXHIBIT II

<insert material agreements to survive reorganization>

THIS SUBLEASE AGREEMENT made as of this 24 day of February, 2005.

BETWEEN:

TOWN OF NIVERVILLE,
(herein called the "Landlord"),

OF THE FIRST PART

- and -

MEDIPLAN HEALTH CONSULTING INC.,
(herein called the "Sub-Landlord"),

OF THE SECOND PART,

- and -

THE PURATONE CORPORATION.,
(herein called the "Sub-Tenant"),

OF THE THIRD PART.

WHEREAS by a head lease dated June 11, 2003 (the "Head Lease"), a copy of which is attached hereto as Schedule "A", the Landlord leased to the Sub-Landlord the premises located at 329, 339 and 349 Bronstone Drive, Niverville, Manitoba (the "Property") upon which is a steel building consisting of approximately 18,200 square feet of space for a term of five years (the "Head Lease Term") commencing June 15, 2003 (collectively called the "Head Lease Premises");

AND WHEREAS the Sub-Landlord has agreed to sublet to the Sub-Tenant and the Sub-Tenant has agreed to sublease from the Sub-Landlord the Head Lease Premises for the Head Lease Term less a day (reserving the last day of the Term to the Sub-Landlord) (the "Term") on terms and conditions as more particularly set forth herein (the "Sublet");

AND WHEREAS the Sub-Landlord has also agreed, subsequent to the Sub-Lease Term, to assign its interest in the Head Lease to the Sub-Tenant on the terms and conditions hereinafter set forth;

AND WHEREAS the Landlord has, subject to the terms and conditions hereinafter set forth, agreed to the Sublet and to the assignment of the Sub-Landlord's interest in the Lease;

WITNESSETH that in consideration of the mutual covenants, conditions and agreements herein contained, (the sufficiency whereof is hereby acknowledged by all of the parties hereto) the parties hereto covenant and agree as follows:

SUBLET AGREEMENT

ARTICLE ONE

DEMISE AND TERM

1.01 DEMISE - The Sub-Landlord in consideration of the rents, covenants, agreements and conditions herein to be paid, observed and performed by the Sub-Tenant, DOES HEREBY DEMISE AND SUB-LEASE to the Sub-Tenant the Head Lease Premises.

1.02 TERM - The Sub-Tenant shall have and hold the Head Lease Premises for the period from January 1, 2005 until June 13, 2008.

1.03 The parties hereto agree that the Sub-Landlord's obligations and rights under the Head Lease terminate at the end of the Term except as provided herein. However, during the Term and the First Renewal Term, as hereinafter defined, the Sub-Landlord retains the Option to Purchase referred to in the Head Lease provided that the Sub-Tenant has renewed the Head Lease as provided in paragraph 5.01 hereof.

1.04 The Sub-Tenant agrees to fulfill, during the Term each and every obligation of the Sub-Landlord under the Head Lease save and except that the Basic Rent will be reduced as hereinafter provided, and the option to renew and any right/option to acquire the Head Lease Premises will be as provided herein and not as provided in the Lease. Without restricting the generality of the foregoing, the provisions of the Head Lease respecting assignment and sub-leasing shall *mutatis mutandis* apply to the Sub-Tenant.

1.05 The Sub-Landlord hereby covenants with the Sub-Tenant:

- (a) for quiet enjoyment;
- (b) to pay the rent reserved, by and to perform and observe the covenants on its part contained in the Head Lease with respect to the Premises as far as they are not hereby required to be performed and observed by the Sub-Tenant; and
- (c) to keep indemnified the Sub-Tenant (and its successors in title including permitted assigns) from all proceedings, damages, costs, claims and expenses arising from any omission by the Sub-Landlord to pay when due the rent reserved under the Head Lease which is required to be paid directly by the Sub-Landlord as herein provided, or breach of any of the Sub-Tenant's covenants contained in the Head Lease so far as they relate to periods prior to the Term or to covenants for which the Sub-Tenant is not responsible pursuant to this Sub-Lease.

ARTICLE TWO

RENT, TAXES AND OTHER CHARGES

2.01 The Sub-Landlord agrees that the Sub-Tenant shall be provided, with possession of the Head Lease Premises, for the first month of the Term for fixturing purposes (the

"Fixturing Period"). During the Fixturing Period the Sub-Tenant shall occupy the Head Lease Premises free of Basic Rent (as hereinafter defined).

2.02 BASIC RENT - The Sub-Tenant shall punctually pay to the Sub-Landlord monthly, in advance, rental for the Head Lease Premises as follows:

Commencing February 1, 2005, Basic Rent of Eighty-One Thousand Nine Hundred Dollars (\$81,900.00) per annum ("Basic Rent") or Six Thousand Eight Hundred Twenty-Five Dollars (\$6,825.00) per month on the first day of each month with the first such monthly payment being February 1, 2005;

The Sub-Landlord hereby irrevocably directs the Sub-Tenant to pay the Basic Rent aforesaid directly to the Landlord and all such payments shall *pro tanto* discharge the obligation herein of the Sub-Tenant to the Sub-Landlord for the payment of Basic Rent. The parties acknowledge and agree that the aforesaid irrevocable direction and payment to the Landlord is a fundamental condition to the consent of the Landlord to this Sub-Lease.

2.03 In addition to the Basic Rent provided in paragraph 2.02, the Sub-Tenant shall punctually pay to the Landlord monthly, commencing January 1, 2005, the Additional Rent referred to in the Head Lease.

2.04 Notwithstanding any default by the Sub-Tenant in the payment of Basic Rent or Additional Rent as provided under paragraphs 2.02 and 2.03 of this Sub-Lease, the Sub-Landlord will be liable for and will continue to pay the Basic and Additional Rent as provided in the Head Lease to the Landlord.

2.05 Until such time as default by the Sub-Tenant occurs under this Sub-Lease, the Sub-Landlord will, during the Term, pay \$36,400.00 per annum to the Landlord by equal monthly instalments of \$3,033.33 as part of the Basic Rent on the same dates as provided in paragraph 2.02 above.

2.06 In the event of default by the Sub-Landlord in its obligations under this Sub-Lease, the Landlord agrees that it will not disturb the possession of the Sub-Tenant to the Head Lease Premises provided that the Sub-Tenant satisfies its obligations under this Sub-Lease and the Head Lease other than the payment of Basic Rent in excess of the amount provided in paragraph 2.02 hereof. The parties acknowledge and agree that the foregoing is a fundamental condition for the Sub-Tenant entering into this Sub-Lease.

ASSIGNMENT AGREEMENT

ARTICLE THREE

ASSIGNMENT OF LEASE

3.01 Provided that the Sub-Tenant is not in default under its obligations to the Landlord and Sub-Landlord at the end of the Term and further provided that the Sub-Tenant has given notice provided in paragraph 5.01(a) hereof, the Sub-Landlord, subject to paragraph 1.02

hereof, agrees to assign all of its interest in the Head Lease, as herein amended, to the Sub-Tenant immediately after receiving the aforesaid notice (the "Assignment").

ARTICLE FOUR

USE

4.01 The Sub-Tenant shall use the Property as an office and retail/wholesale distribution centre for its commercial products and for parking of vehicles whose drivers are utilizing the Head Lease Premises.

ARTICLE FIVE

RENEWAL

5.01 Provided that the Sub-Tenant is not in default in the payment of Basic Rent, Additional Rent, or any of the terms of the Head Lease other than the payment of Basic Rent as therein provided, the Landlord agrees to provide its consent to the Assignment to the Sub-Tenant as provided in paragraph 3.01 for the Renewal Terms hereinafter set forth on the same terms as contained in the Head Lease except that:

- (a) The Sub-Tenant must first notify the Landlord and Sub-Landlord or the owner of the Property, at least six (6) months prior to the end of the Term, of the Sub-Tenant's desire to lease the Head Lease Premises for a period from June 15, 2008, to February 14, 2010 (the "First Renewal Term");
- (b) The Landlord and Sub-Tenant agree that the rent for the First Renewal Term shall be a Basic Rent which is lesser of \$4.75/square foot per annum or \$4.50/square foot per annum plus \$4.50 multiplied by the average cost of Living Adjustment over the Term in the Lease as determined by the CPI Winnipeg as determined by Statistics Canada (for example if the CPI increased 5% over the Term the rent would be as follows $\$4.50 + (\$4.50 \times .05) \times .225 = \4.72). In addition, the Sub-Tenant agrees to pay all Additional Rent as provided under the Head Lease.
- (c) At least six (6) months prior to February 14, 2010, the Sub-Tenant must notify the then owner of the Property as to whether the Sub-Tenant wishes to lease the Property for the period from February 15, 2010, until January 14, 2015 (the "Second Renewal Term"). The Basic Rent for the Second Renewal Term shall be \$5.25/square foot per annum plus the Additional Rent as provided in the Head Lease.

5.02 In the event of and upon the Landlord's consent to the Assignment as herein provided the Landlord and the Sub-Tenant shall release the Sub-Landlord from any further obligation under the Lease.

ARTICLE SIX

SUCCESSOR IN TITLE

6.01 Whichever party to this Sub-Lease owns the Property from time to time agrees that it will contractually oblige its successor in title to honour the Sub-Tenant's lease rights as provided herein.

ARTICLE SEVEN

RIGHT OF FIRST REFUSAL

7.01 The Sub-Tenant, for so long as it leases the Head Lease Premises, is granted a first right of refusal with respect to the Property should the Landlord or Sub-Landlord, if it then owns the Property, choose to sell the Property to a person and/or entity not a party to this Agreement. The selling party shall provide to the Sub-Tenant a copy of the accepted Offer to Purchase. The said Offer to Purchase must be from an arm's length party, there must be no preferential financing, and the Offer must be unconditional except for this first right of refusal. The Sub-Tenant shall have ten (10) working days after receipt of the Offer to unconditionally agree to buy the Property on the same terms as set out in the said Offer to Purchase failing which this first right of refusal shall be null and void so long as the purchase/sale in the said Offer to Purchase is completed on terms no more beneficial to the purchaser than those contained in the said Offer to Purchase.

ARTICLE EIGHT

ADJACENT LAND

8.01 The Landlord agrees to retain the adjacent lot to the east of the Property until June 14, 2008, and hereby gives the Sub-Landlord a first right to purchase the lot by that date for the sum of \$1.00 and the Sub-Landlord must agree to construct at minimum a 6,000 square foot new building thereon by June 1, 2009, failing which the lot will be retransferred to the Landlord, free and clear of all encumbrances except those existing at the date the lot is sold to the Sub-Landlord provided that the Landlord pays the Sub-Landlord the same purchase price as the Sub-Landlord paid for the lot.

ARTICLE NINE

MISCELLANEOUS

9.01 The Landlord agrees that it will not actively oppose any attempt by the Sub-Tenant to have the assessments, as determined by the Provincial Assessor, for the Property reduced.

9.02 The parties hereto agree that all affixed improvements to the Property and on-affixed chattels as shown on Schedule "B" attached hereto shall become the property of the Sub-Tenant from and after the 1st day of January, 2005, and shall be possessed by the Sub-Tenant on the terms and conditions contained in the Lease.

9.03 Any notice required to be given to the Sub-Tenant shall be given as follows:
The Puratone Corporation
at the Property
with a copy to the Sub-Landlord or the Landlord as the case might be.

9.04 The Preamble forms part of this entire Agreement.

9.05 This Agreement shall be binding upon the parties hereto, their respective successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto executed this Sub-Lease as of the date first above written.

THE TOWN OF NIVERVILLE

By: [Signature]
Office: Mayor

By: [Signature]
Office: Chief Administrative Officer

THE PURATONE CORPORATION

Per: [Signature]
Office: CFO

Per: [Signature]
Office: COO

MEDIPLAN HEALTH CONSULTING INC.

By: [Signature]
President

LEASE

BETWEEN:

TOWN OF NIVERVILLE

- and -

MEDIPLAN HEALTH CONSULTING INC.

FOR:

329, 339 & 349 BRONSTONE DRIVE

NIVERVILLE, MANITOBA

THIS MEMORANDUM OF LEASE made the 11th day of June , 2003.

BETWEEN:

TOWN OF NIVERVILLE,
(the "Landlord"),

- and -

MEDIPLAN HEALTH CONSULTING INC.,
(the "Tenant"),

WHEREAS:

- A. The Landlord is the registered owner of the lands and premises situated in the Town of Niverville, in Manitoba, and legally described as set out on Schedule "A" attached hereto and forming part hereof (the "Land");
- B. The Tenant wishes to lease from the Landlord a building situated on the Land, and the Landlord wishes to lease such building to the Tenant, upon the terms and conditions as hereinafter set forth;

NOW THEREFORE THIS AGREEMENT IS EVIDENCE OF THE FACTS THAT:

1.00 LEASE AND USE

1.01 DEMISE

The Landlord hereby leases to the Tenant the Land together with the building situated thereon, which building contains approximately 15,000 square feet of office/warehouse area and approximately 3,200 square feet of mezzanine area (the "Building") situated at 329 - 339 Bronstone Drive, Niverville, Manitoba, which Building is shown on Schedule "B" attached hereto and forming part of this Lease (the "Premises").

1.02 USE

The Tenant shall use the Premises for the purpose of distribution and sale of pharmaceutical products as permitted by National Drug Schedule - Canada in the ordinary course of its business, but for no other purpose. The Tenant shall conduct its business in and use the whole of the Premises continuously throughout the Term in an up-to-date, first class and reputable manner consistent with good business practice.

1.03 NO UNLAWFUL USE

The Tenant shall neither use nor consent to any use of the Premises for any purpose which is or may be contrary to any valid by-laws, rules or regulations of any municipal or other government authority in any manner relating to or affecting the operation of its business; the Tenant shall indemnify and save the Landlord harmless from any cost, charge or damages incurred or suffered by the Landlord as a consequence of the Tenant's breaching any by-law, rule or regulation.

2.00 TERM

2.01 TERM

The term of this lease shall be FIVE (5) YEARS commencing on June 15, 2003, or such earlier date as the parties agree to in writing (the "*Commencement Date*") and ending on June 14, 2008 (the "*Term*").

3.00 TENANT'S OPTION TO RENEW

3.01 FIRST OPTION

Provided that the Tenant is not then in default in performing any of its covenants hereunder, the Tenant shall have the right at the end of the Term to renew this lease for a further period of five (5) years (the "*first renewal term*"), which right the Tenant may exercise only by so notifying the Landlord in writing at least twelve (12) months prior to the expiration of the Term; and the Landlord shall, upon such notification, execute and deliver to the Tenant written confirmation that this lease has been renewed for a further term of five (5) years, subject to all of the covenants of this lease, excepting only this renewal option, any rent-free period and rent (which shall be determined in accordance with paragraph 4.03 of this lease).

3.02 ENTIRE TERM

For greater certainty the parties declare their intent that the basic term of this lease is for five (5) years with an option for one (1) renewal period of five (5) years each making an aggregate maximum term (including all renewals, if exercised) of ten (10) years.

4.00 RENT

4.01 BASIC RENT

The Tenant shall pay to the Landlord, in lawful money of Canada and without deduction or set-off for each year during the five (5) year period commencing December 15, 2003, annual basic rent of ONE HUNDRED EIGHTEEN THOUSAND TWO HUNDRED NINETY-NINE DOLLARS and NINETY-SIX CENTS (\$118,299.96) payable in twelve (12) equal monthly installments of NINE THOUSAND EIGHT HUNDRED FIFTY-EIGHT DOLLARS and THIRTY-THREE CENTS (\$9,858.33) each in advance on the first day of each and every month during such five (5) year period, commencing December 15, 2003.

The parties acknowledge and confirm that this annual basic rent has been calculated at a rate equal to \$6.50 for every square foot of area of the Building during the Term; therefore, if the area of the Building (including the mezzanine area) is more or less than 18,200 square feet, the annual basic rent shall be adjusted accordingly.

RENT FREE PERIOD

If the Landlord gives possession of the Leased Premises on or before June 15, 2003, then, until December 15, 2003, the Tenant shall not be obligated to pay any basic Rent, as hereinbefore defined, but shall be obligated to pay Additional Rent, utilities and taxes all as hereinafter defined. If the Landlord gives possession of the Leased Premises after June 15, 2003, then, for the balance of the month in which the Tenant is given possession, it can occupy the Leased Premises plus seven (7) months thereafter, with the seven (7) months commencing the first day of the month following the month in which possession is given to the Tenant the Tenant shall not be obligated to pay any basic Rent but shall be obligated to pay Additional Rent, utilities and taxes all as hereinafter defined.

RENEWAL TERM RENT

The annual basic rent payable in the renewal term shall be such amount as the parties may agree or, failing agreement at least ninety (90) days before the last day of the Term, such amount as may reflect rent equal to the then fair market value for comparable properties similar to the Premises as determined by arbitration in accordance with the provisions of this lease. However, the annual basic rent payable in any renewal term shall not be less than the annual basic rent payable in the last year of the immediately preceding Term.

PAYMENT OF RENT

The Tenant shall pay all rent at the times and in the manner herein described to or to the order of the Landlord, without demand therefor, at such place in Canada as the Landlord may from time to time request in writing to the Tenant. The Tenant shall provide for the payment of basic Rent and Additional Rent and GST under the Lease post-dated cheques for the ensuing Lease Year, at least thirty (30) days prior to the expiry of each Lease year, a series of twelve (12) post-dated cheques for the next ensuing Lease Year or such other method as the Landlord and Tenant may agree in writing. The Landlord acknowledges that the first such set of cheques covering the basic Rent, Additional Rent and GST will be for the period commencing immediately after the period for which the basic Rent has been prepaid, but will, prior to occupancy, have to give the Landlord post-dated cheques for the Landlord's reasonable estimate of the Additional Rent plus GST during the rent free period and before the end of the rent free period, post-dated cheques for such basic Rent for the then ensuing lease year which is unpaid plus Additional Rent and GST.

PREPAID RENT

The Tenant has paid to the Landlord ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) on account of and to be applied against the monthly annual basic rent commencing on December 15, 2003, under this lease and expiring ten (10) months thereafter. The Tenant acknowledges, however, that it will be obliged to pay for the eleventh month after the rent free period the sum of EIGHT THOUSAND FOUR

HUNDRED FORTY-ONE DOLLARS AND SIXTY-THREE CENTS (\$8,441.63) as basic Rent (i.e. difference between total of monthly basic Rent payments and the Prepayment). Taylor McCaffrey may release the Prepayment to the Landlord on the earlier of the Tenant occupying the Premises or when the Tenant ceases to carry on business in Manitoba or on the date that the Tenant is entitled to occupy the Premises. Interest shall accrue to the benefit of the Landlord while the Prepayment is in the possession of Taylor McCaffrey. Should the Premises not be ready for occupancy by the Commencement Date, then Taylor McCaffrey shall, before releasing the Prepayment to the Landlord, deduct therefrom the Late Occupancy Damages hereinafter referred to and pay the Late Occupancy Damages amount to the Tenant. The Tenant will also, notwithstanding the Prepayment, pay to the Landlord on a monthly basis during the first year of the Term the GST that would have been payable if the regular monthly basic Rent payments were occurring.

4.06 GOODS AND SERVICES TAX

Notwithstanding anything in this lease to the contrary, the Landlord and the Tenant acknowledge that the annual basic rent, Additional Rent and any other amounts payable by the Tenant to the Landlord are exclusive of any goods and services taxes, sales taxes, excise taxes, value added taxes or any other taxes imposed in respect of the annual basic rent, Additional Rent and any other amounts payable by the Tenant to the Landlord under this lease (referred to herein as "*Sales Tax*"). The Tenant shall pay to the Landlord an amount equal to any Sales Tax imposed on the Tenant which the Landlord is obligated to collect from the Tenant or which is assessed upon the Landlord with respect to the annual basic rent, Additional Rent and any other amount payable by the Tenant to the Landlord pursuant to this lease, it being the intention of the Landlord and the Tenant that the Tenant shall bear full responsibility for payment of Sales Tax hereunder. The amount of Sales Tax so payable by the Tenant shall be calculated by the Landlord in accordance with the applicable legislation and shall be paid to the Landlord at the same time as the amounts against which that Sales Tax is being applied are payable to the Landlord under the terms of this lease or upon demand at such other time or times as the Landlord may from time to time determine. Despite any other provision of this lease, the amounts payable by the Tenant under this paragraph shall be deemed not to be rent, but the Landlord shall have all of the same remedies for and recovery of such amounts as it has for recovery of the annual basic rent, Additional Rent or any other amounts payable by the Tenant to the Landlord hereunder.

4.07 INTEREST ON ARREARS

The Tenant shall pay to the Landlord interest on any amount of rent or any other money payable under this lease that remains unpaid after the date on which it becomes due, at a rate equal to three (3%) percentage points above the prime rate charged from time to time by Niverville Credit Union Limited at its main branch in Niverville, Manitoba, calculated

and payable monthly until paid, such amounts to be paid with the next installment of rent falling due.

5.00 **ADDITIONAL RENT**

5.01 OPERATING COSTS

Throughout the Term and any renewal term, but subject to the Landlord's obligations under paragraph 6.03 hereof, the Tenant shall pay all costs of operating and maintaining the Premises including, without limiting the generality thereof, and without duplication, the following:

- (i) the costs of utilities and services used in and for the Building including, without limitation, the cost of installation of telephone services;
- (ii) the regular day-to-day direct costs of operating, servicing, maintaining, and repairing the heating, ventilating, and air-conditioning equipment ("*HVAC system*");
- (iii) the costs of operating, servicing, maintaining and repairing the mechanical, plumbing, electrical and other systems and equipment used in and for the Building, including any part of those systems located beneath the surface of the Premises;
- (iv) the cost of cleaning and removing all garbage from the Premises;
- (v) the cost of insurance in accordance with paragraph 12.08 hereof; and
- (vi) the cost of all snow removal and parking lot clearance

(the "*Operating Costs*").

5.02 PAYMENT OF OPERATING COSTS

Subject to paragraph 5.06 hereof, the Tenant shall pay to the Landlord, as Additional Rent, the Operating Costs not already billed directly to the Tenant and paid by the Tenant in the following manner:

- (a) on the first day of each and every month throughout the Term and any renewal terms, commencing on the Occupancy Date, one-twelfth (1/12) of the Landlord's reasonable estimate of Operating Costs for the current calendar year and each successive calendar year;
- (b) within sixty (60) days after the end of each year during the Term and any renewal term the Landlord shall provide the Tenant with a statement of all Operating Costs attributable to the Premises for the relevant financial year or years of the Landlord, paid or payable, showing in reasonable detail the information necessary to determine these expenses. In the event that the sum of the installments actually paid by the Tenant during the preceding year is less than the Operating Costs payable by the Tenant under this lease, the Tenant shall pay the amount of that excess to the Landlord as additional rent, without interest, within thirty (30) days after receiving the statement from the Landlord; alternatively, if the sum of the monthly installments actually paid by the Tenant during the preceding year exceeds the Operating Costs payable by the Tenant under this lease, the Landlord shall credit the Tenant for the excess, without interest, on the following year's estimate or, at the Tenant's request, refund such excess to the Tenant within thirty (30) days after delivering that statement.

5.03 PROPERTY TAXES

For the purposes of this lease, "*Property Taxes*" means all real property taxes assessed against and in respect of the Premises including, without limitation, all realty, school and local improvement taxes and all other rates, duties, assessments and charges levied, imposed or assessed on or against the Premises during the Term and any renewal, including all legal, professional and other expenses incurred by the Landlord in good faith in contesting any such tax, rate, duty, assessment or charge.

5.04 PAYMENT OF PROPERTY TAXES

The Property Taxes, if not already billed directly to the Tenant and paid by the Tenant shall be paid by the Tenant as Additional Rent in monthly installments in advance during each year of the Term and any renewal term in the manner described in paragraph 5.02 hereof. As soon as reasonably practicable following the date when property taxes have been ascertained for any particular year, the Landlord shall advise the Tenant of the Property Taxes and the Tenant shall pay any balance due to the Landlord prior to June 30 of each year.

5.05 DIRECT INVOICES

In the event that invoices for any of the Operating Costs are sent to the Tenant, or if the Tenant contracts for any Operating Costs directly with suppliers, the Tenant shall pay such expenses directly; in the event that any such invoices are sent to the Landlord, the Landlord shall submit them to the Tenant who shall pay them directly. Alternatively, the Landlord may pay the expense and provide a receipt for that invoice to the Tenant who shall within thirty (30) days reimburse the Landlord for that expenditure. The Tenant shall indemnify the Landlord in respect of all losses, charges and expenses arising in respect of the Tenant's failure to pay any amount of Operating Costs.

5.06 LANDLORD MAY PAY

In the event that the Tenant fails to pay any monies it properly owes to any third party by virtue of this lease, the Landlord may, but need not, make that payment and may then add an equal amount (with interest at a rate equal to three (3%) percentage points above the prime rate charged from time to time by Niverville Credit Union Limited at its main branch in Niverville, Manitoba, calculated and payable monthly) to the amount of rent due for the next ensuing month, and that amount shall then become rent due and collectable as rent.

5.07 NET LEASE

Except as otherwise provided herein, it is intended that the rental provided for in this lease shall be an absolutely net return to the Landlord for the Term and any renewal period, free from all costs, expenses, taxes and charges in respect of the Land and

Building or the Tenant's business operations; however, the Tenant shall not be liable for the costs of making structural or other repairs as provided in paragraph 6.03 hereof.

5.08 The Tenant shall pay when due all taxes, rates, dues, assessments, license fees, machinery and other charges levied in respect of the Tenant's business operations from the Premises or in respect of the Tenant's improvements, equipment and other facilities in or upon the Premises, including (without limitation) all sales, consumption, value-added, goods and services or any similar taxes at any time levied in respect thereof.

6.00 REPAIRS

6.01 TENANT'S OBLIGATIONS

The Tenant shall, without notice from the Landlord, comply with all municipal by-laws and take good care of the Premises and, any improvements now or hereafter erected on them. When necessary or as the Landlord may reasonably require, the Tenant shall make all repairs and replacements (including the replacement of plate glass) excepting only reasonable wear and tear, and structural or other repairs that are the obligation of the Landlord (as set forth in paragraph 6.03 hereof).

6.02 LANDLORD MAY VIEW

Upon reasonable notice to the Tenant the Landlord may enter the Premises to view its state of repair. The Landlord may notify the Tenant in writing of any necessary repairs properly within the scope of the Tenant's responsibility, and the Tenant shall make all such repairs forthwith in a good and workmanlike manner.

6.03 LANDLORD'S OBLIGATION

- (a) The Landlord shall:
- (i) be responsible for all structural repairs, together with all other repairs and replacements of a capital nature, to the Building, including the HVAC system and the mechanical, plumbing, electrical and other systems therein, unless such repairs are made necessary by the willful or negligent act or omission of the Tenant or those for whom it is responsible at law, in which case the Tenant shall be responsible for and shall indemnify and save harmless the Landlord in respect of such repairs. For the purposes of this lease, "*structural repairs*" means all repairs to the deck of the roof, foundations, exterior walls (excluding glass), bearing partitions and structural sub-floors of the Building; and
 - (ii) maintain and keep in good working order the HVAC system and all replacements thereof; however, notwithstanding the foregoing provisions of this paragraph 6.03 and, for certainty, all regular day-to-day direct costs of operating, servicing and repairing of the HVAC system shall be Operating Costs, payable by the Tenant as Additional Rent.
- (b) If the Landlord and Tenant are unable to agree upon whether a repair to the roof (other than a structural repair as set out in subparagraph 6.03(a)(i) hereof) constitutes routine maintenance (for which the Tenant shall be responsible) or a repair of a capital nature (for which the Landlord shall be responsible), the Landlord shall select an independent commercial roofing consultant (which consultant shall be acceptable to both Landlord and Tenant, acting reasonably)

whose determination shall be binding upon the Landlord and the Tenant (the costs of the roofing consultant shall be borne by the party who it is determined is responsible to make the repairs).

6.04 LANDLORD MAY REPAIR

If the Tenant fails within a reasonable time to make all repairs for which it is hereby responsible, then the Landlord may make such repairs or cause such repairs to be made and pay the reasonable costs of those repairs, which costs the Landlord may add to the next succeeding monthly rental payment as additional rent.

7.00 MAINTENANCE

7.01 TENANT TO MAINTAIN

The Tenant shall not allow any ashes, refuse, garbage or other loose or objectionable materials to accumulate in or about the Premises and shall at all times heat, operate and maintain the Premises in accordance with the terms of this lease, keeping them in a clean and wholesome condition. The Tenant shall pay for, or shall pay to the Landlord as additional rent, the costs for the regular day-to-day operating, servicing, maintenance and repair of the HVAC system, mechanical, plumbing, electrical and other equipment and systems of the Building and shall not permit the water closets, sinks, and waste pipes in the Building to become stopped by grease, paper, dirt or refuse of any kind, nor to become damaged in any way. The Tenant shall forthwith remedy any stoppage and repair any damage which does occur in the Building.

8.00 ALTERATIONS, IMPROVEMENTS AND SIGNAGE

8.01 LANDLORD TO CONSENT

If, during the Term or any renewal period, the Tenant wishes in any way to decorate, improve or remodel the Premises, it may do so provided that:

- (a) it first obtains the prior, written consent of the Landlord (not to be withheld or delayed unreasonably);
- (b) all work and fixtures are of first class quality;
- (c) the work does not unreasonably interfere with the Landlord's and other tenants' (if any) continuing operations; and
- (d) the work is completed at the Tenant's own expense.

In order to secure the Landlord's consent to any alteration, decoration or improvement to the Premises the Tenant shall at the time approval is sought present the Landlord with details, including complete drawings and specifications, of the proposed work. The work shall be done by contractors, workers and tradesmen approved by the Landlord, and in a good and workmanlike manner with first grade materials. Provided further that if the Tenant in carrying out such work alters the structural elements of the Building, then, notwithstanding the provisions of paragraph 6.03 hereof, the Tenant shall be solely

responsible for all repairs and replacements to such structural elements together with any consequential damage caused to the balance of the Building or any other improvement of the Landlord situated upon the Land, and the Tenant hereby indemnifies and saves the Landlord harmless from and against all losses, claims or damages suffered as a result thereof.

8.02 REMOVAL OF IMPROVEMENTS

All alterations, decorations and improvements made by the Tenant or by the Landlord on the Tenant's behalf shall become on affixation the property of the Landlord. The Tenant shall not be entitled to remove any alteration, decoration or improvement from the Premises before the end of the Term or a renewal term without the prior written consent of the Landlord. Upon the termination of this lease the Tenant may, but shall not be obligated to remove any of its alterations, decorations or improvements from the Premises provided that any such removal shall be at the sole expense of the Tenant and the Tenant shall promptly make good or reimburse the Landlord the cost of making good all damage to structural elements relating to the Premises or to the heating, ventilating, air conditioning, plumbing, electrical or other mechanical systems in the Building caused thereby and shall otherwise leave the Premises in a neat and tidy state of repair, subject only to reasonable wear and tear.

8.03 ALTERATIONS TO COMPLY

All alterations shall comply with every applicable statutory regulation and governmental by-law. The Tenant shall comply with the provisions of *The Builders' Liens Act of Manitoba*, as applicable, and, subject to the provisions of that legislation, shall do whatever is necessary to ensure that no liens are recorded against the title to the Land or against the Tenant's interest in the Premises.

8.04 INSTALLATION OF MACHINERY, EQUIPMENT

The Tenant may install in the Building such machinery and equipment as may be usual in the conduct of its business, provided that the Landlord may prescribe the location of exceptionally heavy machinery and equipment, if any. Any damage caused to the Premises by the installation or removal of machinery and equipment shall be repaired by the Landlord and the reasonable actual costs thereof shall be paid by the Tenant.

8.05 SIGNS

The Tenant shall not place or permit on the roof or on any exterior door, wall or window of the Building or upon the Premises any sign, awning, canopy, decoration, lettering, advertising matter or other thing of any kind without first obtaining the Landlord's written consent which consent shall not be unreasonably withheld. The Tenant shall maintain every approved sign, awning, canopy, decoration, lettering, advertising matter or other thing in good condition and repair at all times and shall pay for the electricity used in the signs, but the Tenant shall not place or permit any portable sign on the Premises. The

Landlord may prescribe the specifications for all signage to be installed on the fascia of the Building.

8.06 LANDLORD'S WORK

The Landlord undertakes to complete satisfactorily and in all material respects the work described in Schedule "C" attached to and forming part of this lease.

9.00 SURRENDER AND TERMINATION

9.01 TERMINATION

At the termination of this lease by passage of time the Tenant shall peaceably surrender vacant possession of the Premises to the Landlord in good repair, excepting only reasonable wear and tear, and complete, save only those items which the Tenant has the right to remove.

9.02 TENANT MAY REMOVE

When not in default under this lease, the Tenant shall have the right to remove from the Building immediately prior to the expiration of the Term all articles in the nature of trade and other articles belonging to or brought into the Building by the Tenant but all fixtures (excluding the components of the HVAC system) installed by the Tenant. Upon the termination of this Lease, for any cause, all fixtures installed by the Tenant on the Leased Premises shall remain the property of the Landlord unless the Landlord notifies the Tenant in writing thirty (30) days prior to the termination of this Lease that said Tenant's fixtures are to be removed in which case the Tenant shall forthwith remove all such fixtures and shall, at its cost, be responsible for all costs of repairing damages caused by the removal of fixtures. The Tenant shall repair any damage caused to the Premises by such removal.

9.03 LANDLORD MAY LET

The Landlord may place a "To Let" sign upon the Building during the last six (6) months of the Term or any renewal term, and the Tenant shall neither remove it nor knowingly permit its removal.

9.04 TENANT TO PERMIT INSPECTION

The Tenant shall permit any person wishing to rent the Building or any part thereof after the termination of this lease, and any agent purporting to act for the Landlord, upon reasonable notice to the Tenant and with the Landlord's written authorization, to inspect the Building at all reasonable times during the Tenant's normal business hours in the last six months of the Term or renewal period, as the case may be.

10.00 ASSIGNMENT TO SUBLET

10.01 TENANT NOT TO ASSIGN, SUBLET

The Tenant shall not assign, sublet, mortgage or otherwise encumber the whole or any part of the lease or the Premises without the prior written consent of the Landlord (not to be withheld or delayed unreasonably). It shall not be unreasonable for the Landlord, before giving or withholding its consent, to consider the financial background, status and business history of the proposed assignee, sub-tenant or occupant and the proposed use to be made of the Premises. In no event shall the Landlord's consent to any assignment or subletting constitute a waiver of the Tenant's obligations to obtain the Landlord's prior written consent to any subsequent assignment or subletting.

10.02 TRANSFER OF UNDERTAKING

If the Tenant in any way transfers its undertaking (which shall include, without limiting the generality thereof, sale of shares or assets) to any other person, firm, or corporation, then the Tenant shall promptly notify the Landlord in writing setting forth with reasonable detail the particulars of that change, which shall be deemed to be an assignment of this lease to which paragraph 10.01 hereof applies.

10.03 ASSIGNMENT WITHOUT CONSENT

If this lease is assigned, or if all or part of the Premises is sublet or occupied by anybody other than the Tenant, without the consent of the Landlord when required, then the Landlord may collect rent from the assignee, subtenant or occupant and apply the net amount collected to the rent herein reserved, but no such assignment, sublease, occupancy or collection shall be considered a waiver of this covenant or the acceptance of the subtenant or occupant as tenant.

10.04 LANDLORD TO PREPARE

An assignment of this lease if consented to by the Landlord shall be prepared by the Landlord or its solicitors, and all reasonable legal costs of its preparation shall be paid by the Tenant.

10.05 OPERATION OF LAW

This prohibition against assignment or subletting includes a prohibition against an assignment or subletting by operation of law.

11.00 SUBORDINATION

11.01 TENANT TO SUBORDINATE

The Tenant's rights under this lease are subordinate to the charge resulting from any mortgage or any other method of financing or refinancing, or from any declaration of trust or debenture issue now or hereafter in force against the Premises and/or the Land, in

respect of all advances now or hereafter made on the security thereof. If the Landlord's mortgagee takes possession of all or any part of the Premises and/or the Land pursuant to any proceeding brought for the foreclosure of the Landlord's interest therein, the Tenant shall attorn to the mortgagee in possession and recognize the mortgagee as Landlord under this lease. The Landlord shall use reasonable efforts to obtain from any such mortgagee a non-disturbance agreement whereby the Tenant may, upon fulfilling all of its obligations hereunder and attorning tenant to the mortgagee, continue to occupy the Premises during the Term and any renewal periods in accordance with the provisions of this lease.

11.02 TENANT TO PROVIDE STATEMENT

At any time within ten (10) days after notice from the Landlord the Tenant shall execute and deliver to the Landlord a written statement certifying to the best of the knowledge and belief of the person signing such certificate on behalf of the Tenant that:

- (a) this lease is unmodified and in full force and effect or, if this lease has been modified, that it is in full force and effect as modified and stating the modifications;
- (b) the dates to which the rent and other charges under this lease, if any, have been paid;
- (c) whether or not the Landlord or Tenant is in default in performing any of its covenants under this lease and, if so, specifying each such default of which the signer may have knowledge.

It is the intention of the parties that any statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser of the Premises, any mortgagee thereof or any assignee of any mortgage upon the Premises.

11.03 ASSIGNMENT BY LANDLORD

In the event that the Landlord should assign or sell its rights hereunder this lease shall not thereby be cancelled or modified. To the extent that the assignee or purchaser of the Landlord's interest in the lease or Premises covenants with the Tenant to be responsible for performing the covenants and obligations of the Landlord under this lease, the Landlord shall without further notice or agreement be relieved from liability for performing these covenants and obligations.

12.00 INSURANCE

12.01 TENANT'S INSURANCE

The Tenant shall take out and keep in force at all times during the Term, at its expense, insurance for public liability in an amount not less than FIVE MILLION DOLLARS (\$5,000,000.00) per occurrence in respect of property damage to third parties and insurance coverage for tenant's contents, business interruption, and plate glass coverage. The Landlord shall be an additional named insured in such policies and the Tenant shall

upon request by the Landlord, furnish the Landlord with a certificate issued by the insurance carrier evidencing the same.

12.02 INSURANCE REQUIREMENTS

The Tenant shall comply with all reasonable requirements of any insurance inspector representing any insurer with whom coverage has been placed.

12.03 EVIDENCE OF INSURANCE

The Tenant shall provide the Landlord with certificates of insurance or certified copies of the Tenant's insurance policies then current and in good standing, together with evidence of the method by which the "full replacement value" was determined.

12.04 LANDLORD NOT LIABLE

The Landlord shall not be liable for any injury or loss to person or property suffered by the Tenant or anyone for whom the Tenant is responsible at law, occurring in or about the Building from whatever cause such injury may arise, unless the injury or loss is caused by the willful or negligent act or omission of the Landlord or of anyone for whom the Landlord is responsible at law.

12.05 LANDLORD'S EXCLUSION

In the absence of any negligent or willful act or omission on the part of the Landlord, or anyone for whom the Landlord is responsible at law, the Landlord shall not be liable or in any way responsible for any personal or consequential injury of any nature whatsoever suffered or sustained by the Tenant or any employee, agent or customer of the Tenant or by any other person who may be in the Premises, or for any loss of or damage or injury to any property belonging to the Tenant, its employees or any other person while such property is on the Premises.

12.06 TENANT TO INDEMNIFY

The Tenant shall indemnify and save the Landlord harmless from all fines, suits, claims, demands and actions of any kind for which the Landlord may become liable or which the Landlord may suffer by reason of the Tenant's breach, violation or failure to perform any term of this lease, or by reason of any injury occasioned to or suffered by any person or any property by reason of the Tenant's wrongful act, neglect or default.

12.07 LANDLORD TO INDEMNIFY

The Landlord shall indemnify and save the Tenant harmless from all fines, suits, claims, demands and actions of any kind for which the Tenant may become liable or which the Tenant may suffer by reason of the Landlord's breach, violation or failure to perform any term of this lease, or by reason of any injury occasioned to or suffered by any person or any property by reason of the Landlord's wrongful act, neglect or default.

12.08 LANDLORD'S INSURANCE

The Landlord shall take out and keep in force at all times during the Term insurance for damage to the Building from all causes normally insured against by the Landlord. The Tenant does not have to insure anything which the Landlord has insured.

13.00 DESTRUCTION OF BUILDING

13.01 DAMAGE OR DESTRUCTION

If, during the Term or any renewal term, the whole or any part of the Building and/or any other improvements thereon is destroyed or damaged by fire, the elements or any other cause, the following provisions shall have effect:

- (a) if the Building is rendered partially unfit for the Tenant's occupancy, but are otherwise still usable, then the annual basic rent hereby reserved shall abate in part only in the proportion that the part of the Building rendered unfit for the Tenant's occupancy bears to the whole of the Building and the Landlord shall, provided it is in receipt of proceeds of insurance carried by the Tenant for such purpose, attend with all reasonable diligence to having the Building repaired and restored, provided that if the cost of such repairs and restoration exceeds the amount of the proceeds of insurance carried by the Tenant available for such purpose, the Landlord may elect not to repair or restore, whereupon this lease shall terminate;
- (b) if the Building is rendered wholly unfit for occupancy and if in the opinion of the Landlord acting reasonably, such opinion to be delivered to the Tenant within thirty (30) days of such damage or destruction, the Building cannot be repaired or rebuilt with reasonable diligence within one hundred eighty (180) days after the event causing the damage or destruction, or if there are insufficient proceeds of insurance available for such purpose, then either the Landlord or the Tenant shall have the right to terminate this lease, which right shall be exercised by notifying the other party in writing within fifteen (15) days of receipt of the Landlord's opinion as aforesaid. In the event that such notice is given this lease shall cease and become void from the date of the event causing the destruction or damage, the Tenant shall immediately surrender the Building and all interest therein to the Landlord, the rent shall be apportioned and shall be payable to the Landlord only to the date of the event causing the destruction or damage and the Tenant shall have a reasonable period within which to remove its furniture, fixtures and machinery.

14.00 TENANT'S DEFAULT

14.01 EVENTS OF DEFAULT

If, and whenever:

- (a) the Tenant fails to pay any rent or other amount it is obliged to pay under this lease and such failure persists for fifteen (15) days following receipt by the Tenant of notice of such default from the Landlord; or
- (b) the Tenant fails to perform, or is otherwise in default of, any one or more of its covenants and fails to commence to remedy such failure within fifteen (15) days after receiving notice of default from the Landlord and to thereafter diligently complete the remedying of such default; or

- (c) the Tenant's interest in this lease or any of its goods on or within the Premises is seized or taken in execution by any of its creditors; or
- (d) the Tenant is placed in receivership or makes an assignment for the benefit of its creditors or, becoming bankrupt or insolvent, takes the benefit of, becomes subject to or makes application for relief under the provisions of any statute now or hereafter in force concerning bankrupt or insolvent debtors, or becomes subject to actual or potential winding-up, dissolution or liquidation; or
- (e) the Building at any time during the Term becomes vacant because the Tenant has abandoned it or been removed from it by legal process, whether for non-payment of rent, breach of covenant or other cause; or
- (f) any insurance policy insuring the Land and/or Building, the Landlord or the Tenant is cancelled, revoked or refused by reason of the Tenant's use or occupation of the Building; or
- (g) the Tenant fails to move into or take possession of the Premises and open for business as required by this lease; or
- (h) at any time during the Term, the Tenant or any other person removes or attempts to remove any goods or chattels from the Premises, without the Landlord's prior written consent, except in the ordinary course of the Tenant's business or in the course of replacement or renovations.

the then current month's rent, together with the rent for the three (3) months next ensuing and together with all arrears of rent, shall immediately become due and payable and the Landlord may, at its option, without notice or any form of legal process whatever, either rescind this lease or re-enter to recover possession of the Premises or take any such other action as is permitted at law. In addition, and notwithstanding any such rescission, the Landlord shall be entitled to recover damages for the Tenant's violation or breach of any covenant of this lease arising from the relationship of landlord and tenant created hereby. The Landlord shall be entitled to distrain and follow the Tenant's goods for thirty (30) days following termination or default. In the event such distraint occurs the Landlord agrees that it will not distrain any records, pharmaceuticals or other assets protected by the Personal Health Information Act, Privacy laws/Pharmaceutical Act and/or federal or provincial legislation. The Landlord's re-entering on and recovering possession of the Premises shall not be construed as an election by the Landlord to terminate this lease unless the Landlord has given the Tenant notice of its intention to terminate, or termination is decided by a Court of competent jurisdiction.

15.00 **ARBITRATION**

15.01 REFERENCE TO ARBITRATION

Where in this lease reference is made to arbitration, the question shall be referred to a single arbitrator if the parties can agree upon one and otherwise to three arbitrators, one to be appointed by each of the parties hereto and the third to be appointed by the first two named arbitrators in writing before they enter upon the business of the reference; and if either of the parties hereto shall refuse or neglect to appoint an arbitrator within fifteen (15) days after the other party to the reference shall have appointed an arbitrator and shall have served written notice upon the first mentioned party required such party to make

such appointment, then the arbitrator first appointed shall, at the request of the party so appointing him, proceed to hear and determine the matter in difference as if he were a single arbitrator appointed by both parties for that purpose, and the decision which may be made by the arbitrators or the majority of them or by the said single arbitrator shall be final and binding upon the parties hereto, their successors and assigns. In the event that the first two named arbitrators are unable to agree upon a third within seven (7) days after the appointment of the last of them, then upon the motion of any arbitrator to the Court of Queen's Bench for Manitoba, a Judge in Chambers shall be entitled to name the third arbitrator, which appointment shall be final and binding upon all parties. In all respects The Arbitration Act of Manitoba and amendments thereto shall govern such proceedings. The arbitrators shall be entitled to fix the costs of the arbitration and settle the manner and by whom same are to be paid.

16.00 LANDLORD VIEW AND DISPLAY

16.01 LANDLORD MAY VIEW

Upon reasonable notice to the Tenant the Landlord may, throughout the Term and any renewal term, at all reasonable times during normal hours, enter to view the Premises or to exhibit the Premises to prospective purchasers.

17.00 LANDLORD'S COVENANTS

17.01 QUIET ENJOYMENT

If the Tenant pays the rent reserved and performs the covenants set forth in this lease, it shall be entitled peaceably to possess and enjoy the Premises for the Term and any renewal period without any interruption or disturbance either from the Landlord or from any other person lawfully claiming by, through or under it.

18.00 NO WAIVER

18.01 NO DEEMED WAIVER

The Landlord's failure to enforce any covenant or condition of this lease shall not be deemed to avoid or impair its right to enforce the same covenant or condition on the occasion of any subsequent default or breach. The Landlord's receipt of rent with knowledge of the breach of any covenant by the Tenant shall not be deemed to constitute a waiver of the breach. For greater clarity, the Landlord shall not be deemed to have waived any provision of this lease unless it expresses that waiver in writing to the Tenant.

19.00 UNAVOIDABLE DELAY

19.01 EVENTS CAUSING DELAY

In the event that the Landlord should be delayed, hindered or prevented from performing any covenant of this lease by reason of any strike, lockout, accident, restrictive order,

governmental law, rule or regulation, riot, insurrection, war extraordinary weather conditions or other similar cause which is not the fault of the Landlord (the "Delay"), the Tenant shall excuse the performance for the period of the Delay, and the period for the performance shall be extended for a period equal to the period of the Delay.

20.00 NOTICE

20.01 Any notice required under this agreement shall be given by registered mail or by personal delivery, to the Landlord at:

P.O. Box 267
Niverville, Manitoba
R0A 1E0

and to the Tenant at the Building, with a copy to:

H. Rempel
c/o Loewen Martens Rempel
Barristers and Solicitors
1101 Henderson Highway
Winnipeg, Manitoba
R2G 1L4

If mailed, notice shall be deemed conclusively to have been received on the third business day following the date of mailing. No other means of giving notice shall be effective hereunder. Either party may notify the other that it is changing its mailing address and, from the date of that notice, that party's address shall be deemed to have been changed accordingly.

21.00 ENVIRONMENTAL COVENANT

21.01 TENANT'S COVENANTS

The Tenant covenants, warrants and represents to and with the Landlord that:

- (a) it shall not permit any Hazardous Substances to be used, stored, processed, manufactured, handled or discharged in, on, under or from the Land and/or Premises (except for those products which are handled by the Tenant in the ordinary course of its business provided that:
 - (i) the Tenant handles and stores all such product in accordance with all Requirements of Environmental Law; and
 - (ii) the provisions of this Article 21.00 shall in any event be applicable with respect to all such products);
- (b) the Premises shall not be used as or for a waste disposal site or coal gasification site, and the Tenant shall not install or permit to be installed after the Commencement Date any underground storage tanks on the Premises.
- (c) it will obtain any and all permits, licenses, certificates, approvals, authorizations, registrations or the like required by the Requirements of Environmental Law for the operation of the Tenant's business from the Building and shall maintain them in full force and effect and in good standing; and

- (d) it shall not, after the Commencement Date, permit any claims, work orders, notices, directives or other similar remedial actions against the Premises or the Tenant in relation to any Requirements of Environmental Law and arising by virtue of the Tenant's use and occupation of the Land and Premises to remain outstanding once issued in respect of the Building or the Tenant.

The Tenant further covenants that it will:

- (i) remedy forthwith, at its own expense, any environmental damage that may occur or be discovered on or within the Building as a result of acts or omissions of the Tenant after the Commencement Date;
- (ii) comply with all Requirements of Environmental Law,
- (iii) notify the Landlord promptly of any event or occurrence that will, or is likely to, give rise to a report, inquiry or investigation relating to a matter that may have an adverse effect on the financial position of the Tenant or the Premises or any action, suit or proceeding against the Tenant or others having an interest in the Premises relating to, or a violation of, the Requirements of Environmental Law,
- (iv) not consent to any sub-lease of any part of the Premises to a sub-tenant who may engage in a business involving the storing, handling, processing, manufacturing or disposing of Hazardous Substances in, on, under or from the Premises or the generation of environmental contamination and any lease or sub-lease of any part of the Premises shall preserve as against any lessee or sub-lessee all of the rights of the Landlord herein, and
- (v) provide to the Landlord upon request such information, certificates, or statutory declarations as to compliance with the provisions hereof and all Requirements of Environmental Law.

The Tenant further covenants that it will be liable for and fully indemnify the Landlord, its officers and directors, for any and all costs, expenses, damages or liabilities (including legal fees on a solicitor and his own client basis any environmental remediation costs incurred by the Landlord) directly or indirectly arising out of or attributable to the non-compliance of the Tenant with the Requirements Environmental Law, which indemnity shall survive the termination or expiration of this lease.

For the purposes of this paragraph 21.01, "Requirements of Environmental Law" means all requirements of the common law or of statutes, regulations, by-laws, ordinances, treaties, judgments, and decrees, and (whether or not they have the force of law) rules, policies, guidelines, orders, approvals, notices, permits, directives and the like, of any federal, territorial, provincial, regional, municipal or local judicial, regulatory or administrative agency, board or governmental authority relating to environmental or occupational health and safety matters and the Premises and the activities carried out thereon by the Tenant including, but not limited to, all such requirements relating to: (i) the protection, preservation or remediation of the natural environment (the air, land, surface water or groundwater); (ii) the generation, handling, treatment, storage, transportation or disposal of or other dealing with solid, gaseous or liquid waste and (iii) substances or conditions that are prohibited, controlled or otherwise regulated or are

otherwise hazardous in fact (collectively "*Hazardous Substances*") such as contaminants, pollutants, toxic, dangerous or hazardous substances, toxic, dangerous or hazardous materials, designated substances, controlled products, including without limitation, wastes, subject wastes, urea formaldehyde foam type of insulation, asbestos or asbestos-containing materials, polychlorinated byphenyls (PCB's) or PCB contaminated fluids or equipment, explosives, radioactive substances, petroleum and associated products, underground storage tanks or surface impoundments.

21.02 The Landlord will be responsible for all Requirements of Environmental Law as they relate to the condition of the Premises as at the earlier of the time of commencement of activity by the Tenant in the Premises and the Occupancy Date.

22.00 LATE OCCUPANCY CHARGES

22.01 The Landlord acknowledges that if the interior portion of the Leased Premises which the Landlord is obliged to construct are not ready for occupancy by the Tenant by June 30, 2003 except for delays caused by Acts of God of which the Landlord shall give prompt notice to the Tenant, then it shall pay to the Tenant, Late Occupancy Damages in the amount of ONE THOUSAND DOLLARS (\$1,000.00) for each day after June 30, 2003 that the Leased Premises are not ready for occupancy by the Tenant. The Tenant acknowledges, however, that for each day commencing on the third day following delivery of working drawings for the Leased Premises by the Landlord to the Tenant, that the Tenant does not approve the working drawings, the Commencement Date shall be moved one (1) day later.

23.00 FIRST RIGHT OF REFUSAL / RIGHT TO RE-ACQUIRE

23.01 In the event that the Landlord accepts an Offer to Purchase the Leased Premises subsequent to Commencement Date it shall give a copy of the Offer to Purchase to the Tenant who shall have fourteen (14) business days after receipt of said Offer to either: (a) exercise the hereinafter referred to Option to Purchase; or, (b) to agree to purchase the Leased Premises on the same terms as contained in the Offer failing which the Landlord is entitled to sell the Leased Premises to a third party subject to this Lease. Should the Tenant not choose to buy the Leased Premises the first right of refusal and option to purchase shall continue to bind all subsequent Landlord's for the duration of the Lease. Should the Tenant choose to exercise its first right of refusal or option to purchase it must do so by delivering written notice thereof to the Landlord or an officer of the Landlord. The Tenant acknowledges that the Landlord has the right to re-take possession of Lot 7, Block 2, Plan 23182 (the "*Lot*") which is a portion of the Leased Premises after the 14th day of June, 2008 at no cost, free and clear of all encumbrances if the Tenant does not construct an addition that is in excess of 10,000 square feet to the building located on the Leased Premises by that date and the Landlord will file notice of this right to reacquire the Lot against the title to the Land.

24.00 OPTION TO PURCHASE

24.01 The Landlord hereby grants to the Tenant the following options to purchase the Leased Premises, during the Term of the Lease and any renewal thereof and provided there is no default under said Lease or any renewal thereof:

Building -
3 lots

- i. During the first five (5) years of the Term of this Lease the option to buy the Leased Premises for the amount owing under the original financing, which is estimated to be NINE HUNDRED FIFTY THOUSAND DOLLARS (\$950,000.00) plus interest at 7% per annum, calculated monthly and amortized over fifteen (15) years of the Landlord on the Leased Premises, without any readvancement thereunder, as of the Closing Date of the sale by the Landlord, plus any penalty arising from the prepayment of the foregoing financing.
- ii. During the first renewal of this Lease, if exercised by the Tenant, the option to buy the Leased Premises for the amount then owing under the original financing, which is estimated, at the start of the renewal period to be SEVEN HUNDRED THIRTY-FOUR THOUSAND ONE HUNDRED NINE DOLLARS and NINETY-ONE CENTS (\$734,109.91), plus interest at the then commercial rate, selected by the Landlord, and charged by Niverville Credit Union Limited, or its successor, to its customers, plus any penalty arising from the preparing of the foregoing financing.
- iii. The Closing Date of the purchase/sale shall be the later of sixty (60) days after the option is exercised by the Tenant or, if required, sixty (60) days after any arbitration is concluded, and will be subject to all usual adjustments on closing and subject to the Tenant paying all Goods and Services Tax payable with respect to the purchase.
- iv. Under no circumstances will the Tenant, if it exercises this option, be entitled to any repayment of the prepaid rent.

25.00 INTERPRETATION

25.01 ENTIRE AGREEMENT

This lease together with all schedules expressly incorporated therein contains the entire agreement between the parties respecting the Land and Building.

25.02 SEVERABILITY

The clauses of this lease are severable and the invalidity of any one of them shall not render the others void.

25.03 HEADINGS

Headings are for convenience only and shall not constitute a part of this lease.

25.04 AMENDMENT IN WRITING

This lease may not be modified or amended except by a written instrument signed by the Landlord and Tenant.

25.05 TIME OF ESSENCE

Time shall be of the essence of this agreement.

25.06 ENUREMENT

This agreement shall enure to the benefit of and be binding upon the parties hereto, and to their respective successors and permitted assigns.

25.07 CAVEAT


The Tenant may, at its option, give notice of this Lease and some or all of its contents, by filing a Caveat against the Land.

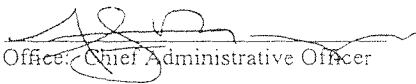
25.08 GOVERNING LAW

This lease shall be governed by the laws of Manitoba.

AND THE PARTIES HAVE EXECUTED THIS LEASE.

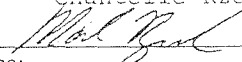
TOWN OF NIVERVILLE

By: 
Office: Mayor

By: 
Office: Chief Administrative Officer

MEDIPLAN HEALTH CONSULTING
INC.

By: 
Office: Director of Operations
Chantelle Rzepka

By: 
Office: VICE PRESIDENT
MARK RZEPKA

SCHEDULE "A"

Attached to and forming part of a Lease between
TOWN OF NIVERVILLE, as Landlord, and
MEDIPLAN HEALTH CONSULTING INC., as Tenant.

Legal Description of Land

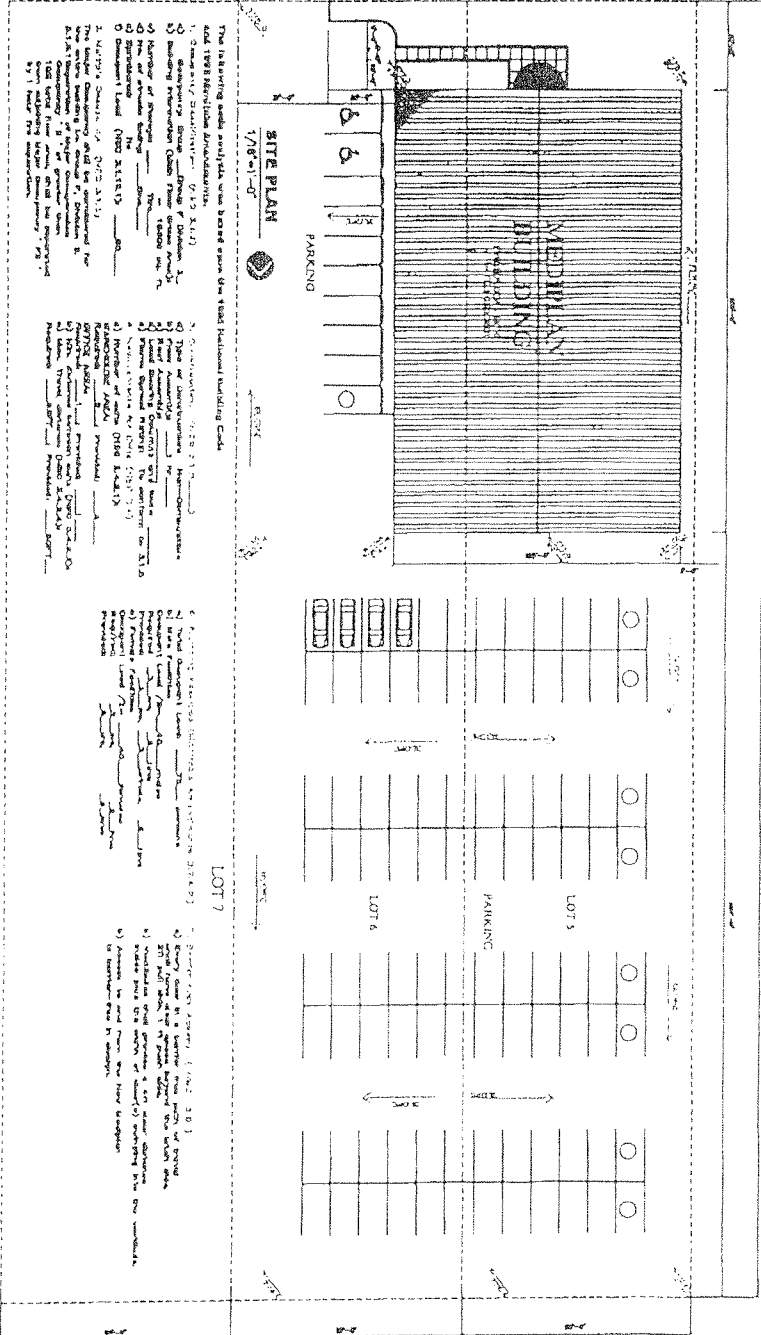
Lots 5, 6 & 7, Block 2, Plan 23182

SCHEDULE "B"

Attached to and forming part of a Lease between
TOWN OF NIVERVILLE, as Landlord, and
MEDIPLAN HEALTH CONSULTING INC., as Tenant.

Plan

*



- The following table lists the various items and their associated documents or specifications:
- | Item | Document / Specification |
|-----------------------------|--------------------------|
| 1. General Description | 013 3113 |
| 2. Survey | 013 3113 |
| 3. Building Information | 013 3113 |
| 4. Number of Floors | 013 3113 |
| 5. Number of Units | 013 3113 |
| 6. Number of Lots | 013 3113 |
| 7. Number of Units per Lot | 013 3113 |
| 8. Number of Units per Lot | 013 3113 |
| 9. Number of Units per Lot | 013 3113 |
| 10. Number of Units per Lot | 013 3113 |
| 11. Number of Units per Lot | 013 3113 |
| 12. Number of Units per Lot | 013 3113 |
| 13. Number of Units per Lot | 013 3113 |
| 14. Number of Units per Lot | 013 3113 |
| 15. Number of Units per Lot | 013 3113 |
| 16. Number of Units per Lot | 013 3113 |
| 17. Number of Units per Lot | 013 3113 |
| 18. Number of Units per Lot | 013 3113 |
| 19. Number of Units per Lot | 013 3113 |
| 20. Number of Units per Lot | 013 3113 |

NO. 851	INDUSTRIAL COMMERCIAL BLDG	A-0
CENTRAL CASUALTY STRUCTURE INC. LTD.		
KNOXVILLE, TENN.		
SITE PLAN		

SCHEDULE "C"

Landlord's Work

Attached to and forming part of a Lease between
TOWN OF NIVERVILLE, as Landlord, and
MEDIPLAN HEALTH CONSULTING INC., as Tenant.

15,000 square foot building with 3,200 square foot mezzanine
floor as per Schedule "A" attached

3,200 square foot office on main floor, as per Schedule "A"
attached

18 foot ceilings (minimum) at wall

wood or metal construction

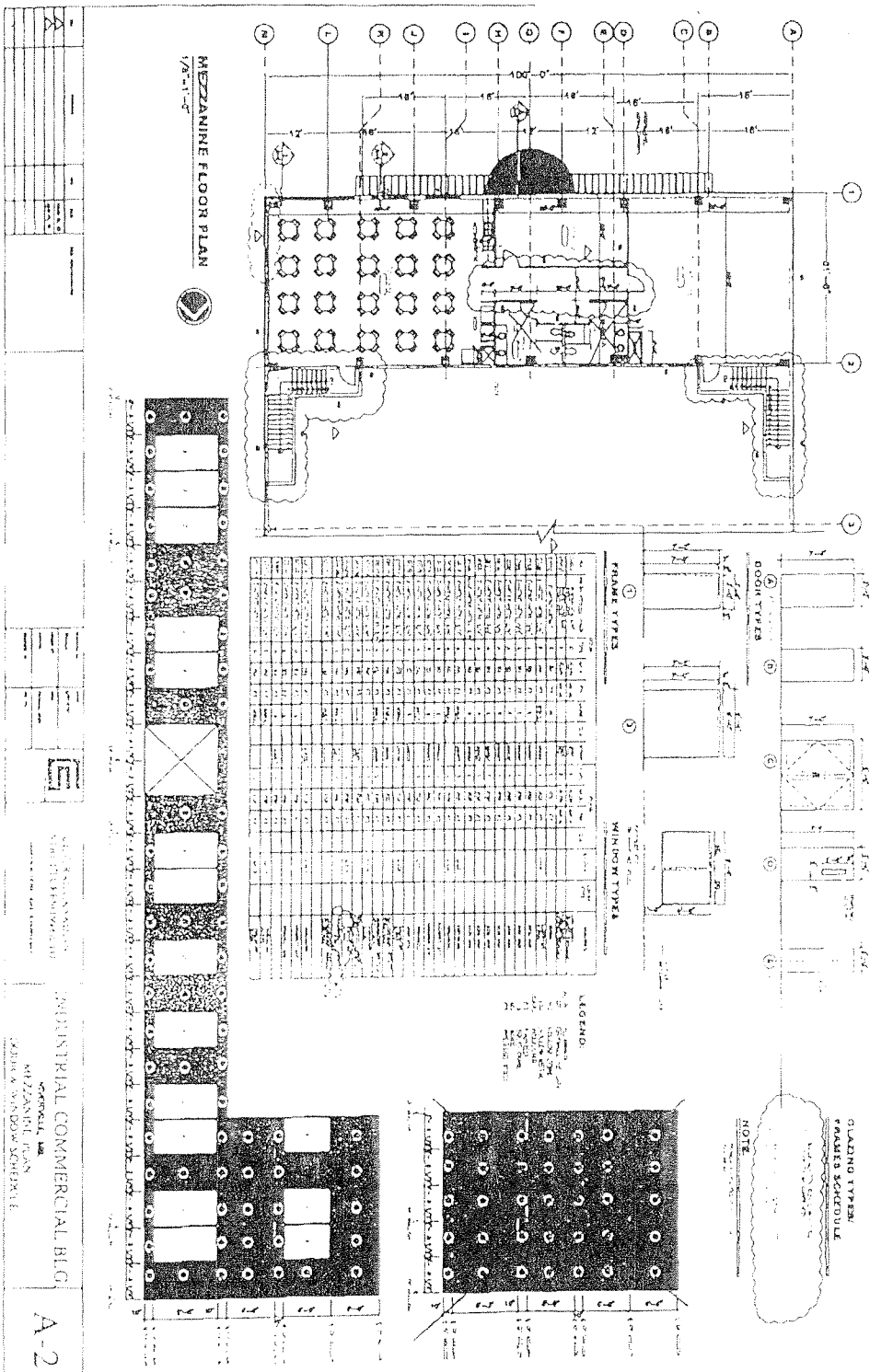
metal exterior and glass exterior as agreed to by parties up to a
maximum of \$25,000.00 (for front wall only as on Schedule "A").

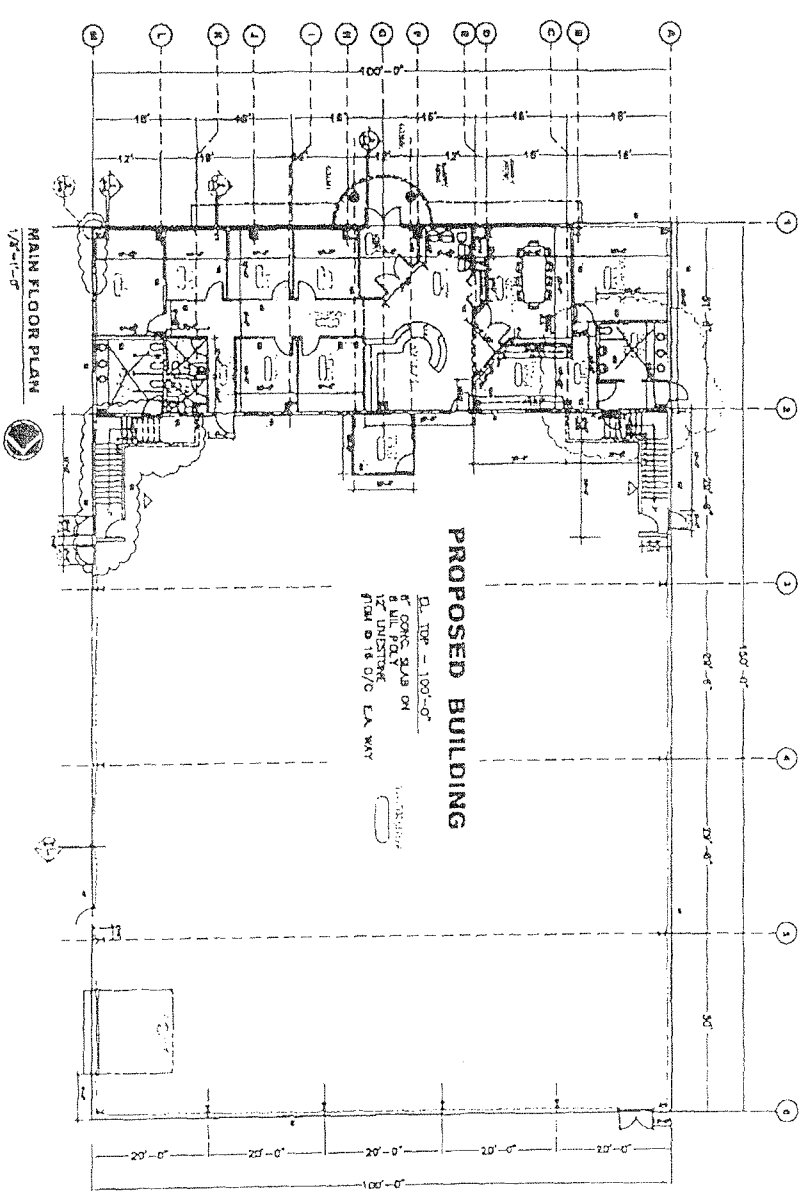
Any additional cost for front wall above \$25,000.00, responsibility
of Tenant.

washrooms for men and for women in accordance with the
Manitoba Building Code (minimum of 8 water closets)

gravel parking lot (geo-synthetic cloth base)

landscaping (grass and sidewalk at front of building)





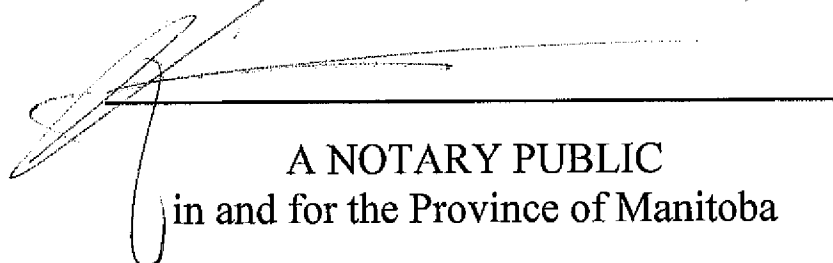
PROPOSED BUILDING
 D. TOP = 100'-0"
 8" CONC. SLAB ON
 12" UNDISTURBED
 FILL @ 18 0/0 EA WAY

- WALL TYPES**
- 1 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 2 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 3 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 4 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 5 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 6 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL

- ROOF TYPE**
- 1 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 2 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 3 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 4 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 5 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL
 - 6 12" T.C. PERFORATED CONCRETE BLOCK WITH 5/8" REINFORCING BARS @ 18" O.C. WITH 1/2" GROUT FILL

<p>INDUSTRIAL COMMERCIAL BLDG. MAIN FLOOR PLAN</p>	<p>CENTRAL CADRIUM STRUCTURAL ENGINEERS</p>	<p>A-1</p>
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**THIS IS EXHIBIT "3" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 14TH DAY OF NOVEMBER, 2012**



A NOTARY PUBLIC
in and for the Province of Manitoba

SHAREHOLDERS AGREEMENT

JVCO Transport Ltd.

DUBOFF EDWARDS HAIGHT & SCHACHTER
BARRISTERS AND SOLICITORS
1900 - 155 CARLTON STREET
WINNIPEG, MANITOBA
R3C 3H8

TELEPHONE: (204) 942-3361
FAX: (204) 942 3362
e-mail duboff@dehslaw.com

NEIL J. DUBOFF

THIS AGREEMENT made this 1 day of July 2008

AMONG:

The Puratone Corporation
a corporation incorporated under the laws of
the Province of Manitoba

(referred to as "Puratone"),

- and -

Steve's Livestock Transport (Blumenort) Ltd.
a corporation incorporated under the laws of
the Province of Manitoba

(referred to as "SLT"),

- and -

JVCO Transport Ltd.
a corporation incorporated under the laws of
the Province of Manitoba

(referred to as the "Corporation"),

WHEREAS:

1. the Corporation was duly incorporated on the 27th day of September 2007 under the Laws of the Province of Manitoba as 5558540 Manitoba Ltd;
2. the Corporation changed its name to JVCO Transport Ltd. by Articles of Amendment dated June 24th 2008;
3. the parties hereto have entered this Agreement to make provision for the harmonious operation of the Corporation and to provide for their obligations with respect to the Corporation and to each other in respect of their shareholdings in the Corporation; and
4. Puratone and SLT (together referred to as the "Shareholders") wish to enter this Agreement as a unanimous shareholder's agreement for the purposes of:
 - restricting the discretion and powers of the Board of the Corporation (referred to as the "Board") to manage or supervise the management of the business and affairs of the Corporation;
 - recording their agreement as to the manner in which the business and affairs of the Corporation will be conducted;
 - providing for certain rights, obligations and liabilities among them as Shareholders.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and the mutual covenants hereinafter contained, the parties hereby agree with each other as follows:

1. **Conduct of the Affairs of the Corporation**

- a. The Shareholders hereby restrict the rights, powers and duties of the Board to manage or supervise the management of the business and affairs of the Corporation, whether such rights, powers and duties arise by legislation, the articles or the bylaws of the Corporation, or otherwise, to the fullest extent permitted by law.

- b. The Shareholders hereby acknowledge that the restrictions of this Agreement constitute a "Unanimous Shareholder Agreement" in accordance with the provisions of Section 140(2) of The Corporations Act, R.S.M. 1987, c. C225 (the "Act").
- c. The Shareholders agree to cause such meetings of the Corporation to be held, resolutions passed, bylaws enacted, agreements and other documents signed and things performed or done as may be required to provide for the arrangements, agreements and terms as set out in this Agreement.
- d. The Shareholders agree each with the other that as Shareholders they will irrevocably instruct their nominees and representatives at all meetings of the Shareholders to the full extent and as permitted by law to always vote and act according to the terms of this Agreement in order to give this Agreement full force and effect and to carry out its intent.
- e. The Shareholders hereby confirm that this Agreement is intended to supersede the provisions of Section 184(1) of the Act which deals with the right of dissent of a shareholder. A Shareholder dissenting to any proposed transaction by the Corporation will not have the right, to demand payment for its shares in accordance with the provisions of Section 184 of the Act or to pursue any claim against the Corporation which might otherwise arise therefrom, but will be entitled to deal with its shares only in accordance with the provisions of this Agreement.

2. Shareholdings

- a. As of the date of this Agreement, the beneficial and legal ownership of all of the issued and outstanding Common Shares in the Corporation is as follows:

Puratone	50 Voting Common
<u>SLT</u>	<u>50 Voting Common</u>
TOTAL	100 Voting Common

- b. As of the date of this Agreement, there are no:
 - i. other issued or outstanding shares in the Corporation; or
 - ii. outstanding warrants, options or conversion rights which have been issued and/or granted by the Corporation to acquire shares of the capital stock of the Corporation.

3. Management of the Corporation

- a. Board of Directors

The Board shall consist of a minimum of one (1) Director, and a maximum of five (5) Directors.

- b. As at the date hereof the Directors are:
 - i. two (2) persons nominated as directors by SLT (the "SLT Nominees");
 - ii. two (2) persons nominated as directors by Puratone (the "Puratone Nominees").

- c. SLT may on thirty (30) days written notice to the other Directors remove and replace either one or more of the SLT Nominees. Puratone may on thirty (30) days written notice to the other Directors remove and replace either one or more of the Puratone Nominees.
- d. The Corporation and the Shareholders will act diligently and promptly to take such actions as are necessary in order that at any time the Board includes the then latest Nominees designated by the Shareholders in accordance with this paragraph for election or appointment to the Board.
- e. Officers

During the currency hereof the Officers of the Corporation will consist of a President, Vice-President and a Secretary.

- f. The parties hereto shall cause such meetings of Directors and Shareholders to be held, votes to be cast, resolutions to be passed, by-laws to be passed, documents to be executed and all things and acts to be done to ensure that, unless the Shareholders otherwise unanimously agree, the following arrangements with respect to the operation and control of the Corporation continue:
 - i. Quorum for Directors' Meeting.

The quorum for a meeting of the Board is two (2) Directors. The Parties agree that one of the SLT Nominees and one of the Puratone Nominees must be in attendance at all meetings of the Board for the required quorum for the meeting to be satisfied.

- ii. Meetings of Directors.

Meetings of the Board may be called by any one Director and shall be held at such time and place upon which a majority of the Directors may agree. At least one (1) meeting of the Directors shall be held in each financial year of the Corporation.

- iii. Resolutions of Directors.

Any resolution of the Directors will only be validly passed and effective if:

- (1) at a duly constituted meeting of the Directors such resolution receives the affirmative vote of at least a majority of the Directors participating in the meeting; or
- (2) all the Directors consent in writing to such resolution.

- iv. Shareholders

- (1) Quorum for Shareholders' Meetings.

A quorum for any meeting of the Shareholders shall be individuals present in person, or by proxy who, in the aggregate, owning not less than fifty-five (55%) percent of the total number of issued and outstanding Voting Common Shares.

(2) Meetings of Shareholders.

Meetings of the Shareholders may be called by any two (2) Directors, and shall be held at such time and place upon which a majority of the Directors may agree.

(3) Resolutions of Shareholders.

Any resolution of the Shareholders will only be validly passed and effective if:

- (a) at a duly constituted meeting of the Shareholders, shareholders owning not less than fifty-five (55%) percent of the Voting Common Shares vote in favour of such resolution.
- (b) all Voting Common Shareholders consent, endorse or approve in writing to such resolution.

(4) Casting Vote.

No person will have a second or casting vote in any circumstances at any meeting of the Directors or at any meeting of the Shareholders and an equality of votes at all times will mean the defeat of a motion.

v. Books of Account.

Proper books of account will be kept by the Corporation and entries will be made therein of all such matters, terms, transactions and things as are usually written, recorded or entered in books of account kept by corporations engaged in an enterprise of a similar nature. Each Shareholder will have free access at all times during normal business hours to inspect, examine, copy and use the facilities of the Corporation to make copies of or take extracts from the books of account for the Corporation.

vi. Fiscal Year End.

Unless otherwise agreed by ordinary of the Board the fiscal year end the Corporation is September 30th.

vii. Audit

Unless otherwise agreed by a unanimous resolution of the Shareholders, the Shareholders shall at each annual meeting of shareholders, by ordinary resolution, appoint an auditor to hold office until the close of the next annual meeting of the Shareholders.

viii. Budgets.

For each financial year of the Corporation, the Board acting reasonably and in good faith and in the best interests of the Corporation, will prepare a budget showing, among other things, in a reasonable degree of detail the anticipated revenues, expenditures and cash flow of the Corporation for such financial year of the Corporation and each consecutive month. The budget for any particular fiscal year of the Corporation will be prepared and delivered to each Shareholder at least thirty (30) days prior to the beginning of such fiscal

year. The Shareholders shall meet to review and discuss the budget for a fiscal year with a view to agreeing upon a final budget for such fiscal year. In the management and operation of the business of the Corporation, each Shareholder will, and will cause its Nominees to, endeavour to the extent it is reasonable to do so to adhere to the final budget (as agreed upon by the Shareholders) for a fiscal year and not exceed expenditures provided for therein without prior notice to each other Shareholder.

4. **Matters Requiring Unanimous Consent of the Shareholders - Restriction on Discretion and Powers of the Directors.**

Notwithstanding anything to the contrary contained in this agreement, without the prior unanimous consent of the Shareholders, none of the following shall be effected:

- a. the issuance or sale by the Corporation, or any Subsidiary of the Corporation, of any of its shares or securities convertible into its shares, or any subscription rights or warrants in respect of its shares or securities convertible into its shares;
- b. the redemption or purchase by the Corporation, or any Subsidiary of the Corporation, of its issued shares or securities convertible into shares;
- c. the filing of Articles (within the meaning of the Act) in respect of the Corporation or any Subsidiary of the Corporation;
- d. the taking or instituting of proceedings for the winding-up, reorganization or dissolution of the Corporation, or any Subsidiary of the Corporation;
- e. the enactment, revocation or amendment of any by-laws of the Corporation, or any Subsidiary of the Corporation;
- f. the sale, lease, exchange or other disposition of all or substantially all of the assets or undertaking of the Corporation, or any Subsidiary of the Corporation;
- g. the repayment of any loans owing by the Corporation, or any Subsidiary of the Corporation, to any of the Shareholders, except for loans made in accordance with the terms of this agreement and the terms of which provide for repayment at specified times;
- h. the provision of financial assistance by the Corporation, or any Subsidiary of the Corporation, whether by loan, guarantee or otherwise, to any Shareholder or any person not dealing at arm's length with a Shareholder;
- i. the hypothecating, mortgaging, pledging, charging or otherwise encumbering of any of the assets of the Corporation, or any Subsidiary of the Corporation; and
- j. the creation of any Subsidiary.

5. **Matters Requiring Unanimous Consent of the Directors - Restriction on Discretion and Powers of the Directors.**

Notwithstanding anything to the contrary contained in this Agreement, without the prior unanimous consent of the Directors, none of the following shall be effected:

- a. any material or fundamental change in the business, assets, liabilities, or financial of the Corporation, or any Subsidiary of the Corporation;
- b. the declaration of any dividend or the distribution of capital by the Corporation, or any Subsidiary of the Corporation;
- c. the taking of any action that would result in a failure of the Corporation to meet the working capital and equity requirements of a secured lender to the Corporation;
- d. the fixing, paying or changing of any salary, bonus, fee or other compensation paid or payable to any Shareholder, or to any director, officer or employee of the Corporation, or any Subsidiary of the Corporation, who does not deal at arm's length with the Shareholders or Principals except as provided herein;
- e. the making of any contract or other arrangement between the Corporation, or any Subsidiary of the Corporation, and a Shareholder, or any person not dealing at arm's length with a Shareholder or the making of any payment to any such person, except as provided herein; and
- f. the hiring or firing of any employee of the Corporation or the fixing or changing of any salary, bonus or other compensation paid or payable to any such employee or increasing the annual remuneration (including all benefits) of any employee of the Corporation, or any Subsidiary of the Corporation, to an amount in excess of such amount.

6. **Matters Requiring Majority Consent of the Directors.**

Notwithstanding anything to the contrary contained in this Agreement, without the prior majority resolution of the Directors, none of the following shall be effected:

- a. approval of annual budget and business plan;
- b. obtaining or changing the lending facilities of the Corporation;
- c. change in primary bank of the Corporation;
- d. change in any accounting policies or principles of the Corporation;
- e. changes to the persons serving in the offices of President, Vice-president, Secretary, or CEO/General Manager;
- f. changing, creating or amending the employment policy of the Corporation including changes to wage scale, benefits, organizational structure, large scale lay-offs, or hiring campaigns;
- g. transactions out of the ordinary course of business of the Corporation;
- h. the entering into of commercial transactions between the Corporation and either Puratone or SLT or any other person who is not at arm's length that individually exceed \$1,000.00, or transactions that can be expected to reoccur in the ordinary course of business where the aggregate value of these transactions exceeds \$1,000.00;
- i. the approval of annual audited financial statements; and

- j. the making or entering into of individual capital expenditures exceeding \$10,000.00.

7. **Profit Distribution**

a. **Earnings Retention.**

All earnings will be distributed to Shareholders except those amounts required:

- i. to provide reasonable assurance that the Corporation will be able to operate without impairment and within all financial covenants as required from time to time by lenders to the Corporation;
- ii. for such reserves (including capital and tax) as the Board determines;
- iii. for the cash flow requirements of the Corporation as the Board from time to time considers reasonable and appropriate.

Such amounts are referred to as "Surplus Cash".

b. **Distribution Frequency.**

Following receipt and review of the audited financial statement for the Corporation and the anticipated cash requirements of the budget and business plan for the subsequent year the Board shall determine the Surplus Cash for the immediately preceding fiscal year of the Corporation. The Shareholders intend that the determination of Surplus Cash and payment of the Surplus Cash according to the priority of distribution as provided by Section 11.c of this Agreement will be made within 90 days of each fiscal year end.

c. **Priority of Distribution.**

The order of priority for the distribution of Surplus Cash will be made as follows:

- i. Firstly to repay to the such of the Shareholder advances (if any) in order that outstanding shareholder advances will equal the pro-rata ownership of the Shareholders to their Voting Common Share ownership;
- ii. Secondly to repay shareholder loans (if any) amounts in proportion the pro-rata ownership of the Shareholders to their Voting Common Share ownership;
- iii. Thirdly to pay management fees as deemed appropriate by the Board; and
- iv. Lastly to pay outstanding and unpaid declared dividend.

The Shareholders agree that these priorities will not be followed if considered necessary by the majority of the Board in consideration of tax planning for the Corporation and the Shareholders.

8. **Shareholder Advances**

a. Shareholder Loans.

If the Board determines or projects a cash flow deficiency, and the amount of any available outside financing is less than such deficiency, the Board by a majority resolution shall provide a notice (a "Loan Notice") to the Shareholders informing them of the amount of shareholder loan required (the "Deficit Amount"). Concurrent with the delivery of the Loan Notice, there shall be delivered to each Shareholder a Notice of Special Meeting for the purpose of confirming the Deficit Amount, following which confirmation each Shareholder shall within five (5) working days make a loan to the Corporation equal to the portion of the Deficit Amount equal to their ownership of Voting Common Shares. If a Shareholder fails, is unable or unwilling to make such Shareholders Loan, there shall be no absolute requirement to do so but the other terms of this Agreement shall apply.

b. Interest on Shareholder Loans.

For a Shareholder who provides a shareholders loan pursuant to this Section 8, that Shareholder shall receive interest on such additional loan at the prime rate charged by the Corporation's banker from time to time plus eight percent per annum on such shareholders loan prior to any monies being paid to reduce any other shareholders loans and/or payment of any dividends.

c. Shareholder Funding Requirements.

In the event the Loan notice is Provided and a Shareholder chooses not to make a loan to the Corporation according to the provision of Section 8.a. (such Shareholder being referred to as a "Nonpaying Shareholder") the other Shareholder (the "paying Shareholder") may choose to make a shareholders loan equal to all or part of the amount not paid by the Nonpaying Shareholders. In consideration for such loan by a Paying Shareholder the Corporation shall pay interest rate set out in 12.b. during its currency such loan together with the right of the Paying Shareholder the right to convert such shareholders loan (on 90 days notice to the Nonpaying Shareholder) into Voting Common Shares. The number of common shares transferred will be determined using the net book value as derived from the most recently prepared balance sheet of the Corporation in accordance with GAAP. Any such conversion of shareholders loans into Voting Common Shares will not require shareholder consent.

9. **Representations, Warranties and Covenants**

- a. Each Shareholder represents and warrants to the other Shareholder hereto that those Shares set out opposite its name in Section 2 of this Agreement are free and clear of all claims, liens and encumbrances whatsoever, and no person, firm, corporation, partnership, trust or other entity has any agreement or option or right capable of becoming an agreement for the purchase of any such Shares.
- b. The Corporation represents and warrants to each of the other parties hereto that the only issued and outstanding Shares in the capital stock of the Corporation are those Shares referred to in Section 2 of this Agreement.
- c. Each Shareholder represents and warrants to the other Shareholder that:
- i. it has all necessary power, capacity and authority to enter into this Agreement and perform its obligations hereunder;

- ii. this Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and
- iii. neither the execution and delivery of this Agreement by such party nor the performance by such party of its obligations hereunder will conflict with or result in a violation of any terms or provisions of any agreement, obligation, contract, commitment, law or regulation to which such party is party or by which it is bound, nor in the case of any party hereto which is a corporation, of the constating documents or by-laws of such party.

10. Dispositions of Shares

a. Puratone

i. Notice of Acquisition.

Puratone may, no sooner than 24 months following the date of this Agreement, provide 180 day written notice to SLT of its intention to acquire (the "Puratone Right to Acquire") at fair market value all of the assets of the Corporation, or to purchase at fair market value all shares of the Corporation owned by SLT (the "Fair Market Value").

ii. Valuation

The Shareholders shall in good faith establish and agree upon Fair Market Value. In the event that Puratone exercises the Puratone Right to Acquire forty eight (48) or more months after the date of this Agreement, then in such event the determination of Fair Market Value will not include a value for the good will of JVCO and will be based on the fair market value of equipment and other assets owned by JVCO. In the event the Shareholder do not agree upon the Fair Market Value as required by Section 10.a.i. of this Agreement, an independent appraisal process will be mutually agreed upon and Puratone will have to accept the resulting values or rescind notice of intent to acquire the assets or shares.

iii. Purchase

Puratone will purchase the said assets or shares, as the case may be, within ninety (90) days following the date that the Fair Market Value is agreed upon or determined.

iv. Employees

Following the acquisition by Puratone of the said assets or shares, Puratone will offer employment to all employees of the Corporation without interference from SLT. SLT will not solicit to hire any of these employees until a period of 12 months has elapsed from the asset or share acquisition date. Any employee termination expenses will be the responsibility of Puratone.

b. SLT

i. Notice of Acquisition

SLT may, no sooner than 24 months following the date of this Agreement, provide 180 day written notice ("Notice of Intent to Dispose") to Puratone of its intention to dispose (the "SLT Right to Dispose") at fair market value of the shares and other interests it owns in the Corporation at fair market value (the "Fair Market Value").

ii. Valuation

The Shareholders shall in good faith establish and agree upon Fair Market Value for the purpose of Section 10.b. In the event that SLT exercises the SLT Right to Dispose forty eight (48) or more months after the date of this Agreement, then in such event the determination of Fair Market Value will not include a value for the good will of JVCO and will be based on the fair market value of equipment and other assets owned by JVCO. In the event the Shareholder do not agree upon the Fair Market Value as required by Section 10.b.i. of this Agreement, an independent appraisal process will be mutually agreed upon and SLT will have to accept the resulting values or rescind notice of intent to acquire the assets or shares.

iii. First Right of Refusal

Following the agreement or establishment of the Fair Market Value Puratone shall have the right, by indicating to SLT by notice in writing (the "Notice of Intent to Exercise the First Right") to be given within fifteen (15) days from the date the Notice of Intent to Dispose is given, to purchase SLT's shares and other interests in the Corporation. Within (90) days following the delivery of the Notice of Intent to Exercise the First Right, Puratone will have ninety (90) days to tender payment, at which time the shares will become the property of Puratone.

iv. Employees

Following the acquisition by Puratone of the shares and other interests in the Corporation, Puratone will offer employment to all employees of the Corporation without interference from SLT. SLT will not solicit to hire any of these employees until a period of 12 months has elapsed from the asset or share acquisition date. Any employee termination expenses will be the responsibility of Puratone.

c. Non Purchase

In the event that Puratone and SLT determine that they do not choose to continue business through the Corporation, and neither Puratone nor SLT exercise their rights under Section 10 a or 10.b. of this Agreement, the assets of the Corporation will be sold, the Corporation wound up with the net proceeds of distribution after discharging all liabilities distributed to the shareholders in proportion to their shareholdings in the Corporation.

11. **Conditions on Transfer**

- a. If, at the time of the sale or other disposition of all Shares owned by a Shareholder:
- i. the selling or disposing Shareholder (the "Vendor") shall be liable or responsible for any debts, liabilities or obligations incurred by or on behalf of the Corporation, as guarantor, the party purchasing the said shares (the "Purchaser") shall use its best efforts to cause any and all guarantees of any of the Corporation's contractual obligations to be delivered up and canceled. Notwithstanding the preceding, if a release of such guarantees is not available then the Purchaser shall indemnify the Vendor against and save him harmless from all claims arising out of such guarantees;
 - ii. the Corporation shall be indebted to the Vendor, either the Purchaser shall cause the Corporation to repay such indebtedness in full on the closing of the transaction or the Purchaser shall purchase such indebtedness from the Vendor on the closing of the transaction for a purchase price equal to the amount of such indebtedness and accrued interest, if any; and
 - iii. the Vendor shall be indebted to the Corporation, the amount shall be verified by the accountant of the Corporation and the Purchaser shall be entitled out of the purchase price to deduct and pay, satisfy and discharge all or any portion of such indebtedness and to receive and to take a credit against the amount payable to the Vendor for the subject Shares the amount or amounts so paid on account of any such indebtedness.
- b. At the time of the closing of the sale or disposition by a party of all of the Shares in the Corporation owned by such Party, the Vendor and any nominees of the Vendor shall resign from the Board and from any office or employment with the Corporation.

12. **Confidentiality**

Each of the Shareholders agrees that all information relating to the affairs of the Corporation, and its business and clients shall at all times (both during the period of being a Shareholder and for a period of three (3) years thereafter) and for all purposes be held by such person in a fiduciary capacity and solely for the benefit of the Corporation and they agree that they will not (either during the period of being a Shareholder or for a period of three (3) years thereafter) use for their own purpose any such information or disclose, divulge or communicate orally, in writing or otherwise to any person or persons any such information.

13. **Application To Shares Of Corporation**

The provisions of this Agreement shall apply mutatis mutandis to any Shares into which any of the Shares may hereafter be converted or changed or to any Shares resulting from a reclassification, subdivision or consolidation of any such Shares and also to any Shares which are received by the Shareholders as a stock dividend and to any shares or other securities of the Corporation or of a successor Corporation thereof respectively which may be received by the holders of such shares on an amalgamation, reorganization or reconstruction of the Corporation.

14. Option to Purchase on Insolvency

- a. If an Event of Insolvency has occurred in respect of a Shareholder, then, within ninety (90) days after the occurrence of such event, the Corporation shall have the irrevocable option to purchase all of the Shares (the "Insolvent Shareholder's Shares") owned or controlled by such Shareholder (the "Vending Party") for the purchase price referred to in Subsection 14(b) below. The said option shall be exercisable by the Corporation by notice in writing (the "Buy Notice") to the representative of the Vending Party indicating the Corporation's intention to exercise such option. The said option may be exercised only in respect of all Shares which are owned or controlled by the Vending Party at the time of such exercise.
- b. The purchase price per Share (the "Buy Price") for the purposes of purchases pursuant to this Section shall be the net book value per share as determined by the Corporation's accountants.
- c. Any transaction or transactions of purchase and sale pursuant to this Section 14 shall be closed thirty (30) business days after delivery of the Buy.
- d. The Vending Party shall also deliver, if requested, the signed resignations of the nominees of the Vending Party from their positions on the Board and from any office and employment held by them with the Corporation together with releases of all claims against the Corporation.
- e. The Buy Price for the Vending Party's Shares shall be payable in five (5) equal annual installments, the first of which shall be payable on the date which is twelve (12) months after the closing of the transaction of purchase and sale. The said installments shall not bear interest. Notwithstanding the foregoing, all or any part of the outstanding balance of the Buy Price may be prepaid at any time and from time to time, without notice, penalty or bonus.
- f. For the purpose of this Agreement "Event of Insolvency" means, with respect to any person, the occurrence of one or more of the following events:
 - i. if such person makes an assignment or proposal in bankruptcy or any similar statute; or
 - ii. if a petition in bankruptcy is filed or a judgment is rendered against the person and not withdrawn or satisfied within 30 days thereafter or if a trustee in bankruptcy, liquidator, receiver, receiver and manager, third party administrator or similar person is appointed with respect to the person or any of its assets.

15. Term

This Agreement shall continue in force until the earliest of the following:

- a. the date on which this Agreement is terminated by the unanimous written consent of the Shareholders; and
- b. the date on which there shall cease to be at least two Shareholders holding Shares.

16. **Enforceability Of Covenants And Provisions**

If any covenant or provision herein is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other covenant or provision in this Agreement and each covenant and provision is hereby declared to be separate and distinct.

17. **Share Certificates**

The parties hereto agree to cause all share certificates for issued and outstanding Shares to bear the following legend on the face or reverse side thereof:

"The shares represented by this certificate are subject to the provisions of a certain agreement made July 2008, among the Corporation and the shareholders of the Corporation and are not transferable except in compliance with the terms and conditions of the said agreement. Notice of such agreement is hereby given and a copy of it is on file at the registered office of the Corporation."

18. **Future Shareholders**

The Corporation will cause each person, partnership or corporation who will anytime from now on acquire any Shares in its capital (whether by way of transfer or allotment from Treasury) to execute a counterpart of this Agreement whereupon they will be entitled to all of the benefits of and will be bound by all of the provisions of this Agreement.

19. **Notice**

Any notice or other document required or permitted to be given hereunder to any of the parties shall be in writing mailed by registered mail postage prepaid or delivered by hand to the parties at their respective addresses as the party to whom such notice is to be given may have designated by notice so given to the other parties. Any notice so mailed shall be deemed to have been given on the sixth day (excluding Saturdays, Sundays and holidays) following the date of the mailing of the same or if so delivered on the date of delivery and any notice so given to any party subsequent to her death shall be deemed to be given to both her spouse and her legal personal representatives if mailed or delivered to such party at the address set forth above. In the event of a postal strike in progress, notice shall be given only by delivery by hand in accordance with this section. In the event of a postal strike occurring within one week after the giving of notice by mail as hereinbefore set out, such notice shall be deemed ineffective and thereafter, during the continuance of the postal strike, notice shall be effective, only if delivered by hand.

20. **Arbitration**

a. Application.

In the event there is a dispute between the Shareholders concerning either the interpretation of this Agreement or any questions dealing with the operation of the Corporation the issue in dispute shall be resolved by arbitration

b. Arbitration Provisions.

The following provisions shall apply to any dispute, difference or question arises the Shareholders:

i. Initiation of Arbitration

arbitration shall be initiated by one party giving notice (the "Arbitration Notice") to the other party or parties to the dispute of his desire to have a matter arbitrated in accordance with this section, and shall state the matter which the initiating party wishes to have arbitrated;

ii. Single Arbitrator

the matter requiring arbitration shall be referred to a single arbitrator if one can be mutually agreed upon by the parties to the dispute, difference or question within seven business days of the Arbitration Notice being given;

iii. Multiple Arbitrators

in the event that the parties to the dispute, difference or question cannot agree upon a single arbitrator, then each party involved in the arbitration shall name one arbitrator within a further period of seven business days there from, and the arbitrators so named shall appoint one more arbitrator, unless the appointing of one more arbitrator would result in there being an even number of arbitrators, in which case the arbitrators shall appoint two more arbitrators;

iv. Refusal to Appoint

if one of the parties to the arbitration refuses or neglects to appoint an arbitrator within the period herein set out, then the arbitrator appointed by the other party to the arbitration shall sit and hear the arbitration;

v. Reference to Court

in the event that the arbitrators named by the parties to the arbitration cannot agree upon the additional arbitrator or arbitrators as above provided within seven business days of the date of the appointment of the last of them, then, after the expiry of such seven business day period, any one of the parties to the arbitration may apply to a judge of the Court of Queen's Bench of Manitoba or its successor to appoint the additional arbitrator or arbitrators to sit and hear the arbitration;

vi. Arbitration Decision

the decision arrived at by a single arbitrator or a majority of the arbitrators, as the case may be, shall be binding upon all the parties to the arbitration and no appeal shall lie there from;

vii. Submission under Arbitration Act

the provisions of this section shall be deemed to be a submission to arbitration within the provisions of The Arbitration Act (Manitoba).

21. **General**

a. Time Of Essence

Time shall be of the essence of this Agreement and every part thereof.

b. Amendment

This Agreement may only be amended or altered in any of its provisions by the written agreement of all the Shareholders, such amendments or alterations to become effective and binding upon all parties hereto when reduced to writing and signed by such Shareholders.

c. Undertaking

The parties hereto undertake to sign and complete all such deeds, documents, resolutions, minutes and other instruments and to do all such acts as are necessary to give full effect to the terms, conditions and restrictions contemplated by this Agreement. The Shareholders further undertake that they will vote their respective Shares, including any additional Shares which they may acquire from time to time, and use their influence as Shareholders to cause such meetings of the Corporation to be held, resolutions passed, by-laws enacted, agreements and other documents signed and acts or things performed or done as may be necessary or desirable to ensure that the provisions of this Agreement are implemented and given full force and effect.

d. Final Agreement

This Agreement expresses the final agreement between the parties hereto with respect to all matters herein and its execution has not been induced by, nor do any of the parties hereto rely upon or regard as material, any representations or promises whatsoever not incorporated herein or made by a party hereof, and any alteration, amendment or qualification thereof shall be null and void and shall not be binding upon any such party unless made and recorded as aforesaid.

e. Gender

In this Agreement the use of the singular number shall include the plural and vice versa, the use of gender shall include the masculine, feminine and neuter genders and the word "person" shall include an individual, a trust, a partnership, a body corporate or public, an association or other incorporated or unincorporated organization or entity.

f. Headings

The headings of the sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

g. Assignment

Except as expressly otherwise provided in this Agreement, this Agreement may not be assigned by a party without the written consent of the other parties and shall enure to the benefit of and be binding upon the parties and their respective successors, heirs, executors, administrators, personal representatives and permitted assigns.

h. Conflict With By-Laws Or Articles

In the event of any conflict between the provisions of this Agreement and the provisions of the by-laws or the articles of the Corporation, the provisions of this Agreement shall prevail.

i. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Manitoba and the federal laws of Canada applicable therein.

j. Currency

Unless otherwise provided for herein, all payments contemplated herein shall be paid in Canadian funds, in cash or by certified cheque.

k. Calculation of Time

When calculating the period of time within which or following which any act is to be done or step taken pursuant to this agreement, the date which is the reference date in calculating such period shall be excluded. If the last day of such period is not a business day, the period in question shall end on the next business day.

l. Reference to Law

Any references herein to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.


m. No Right to Dissent

The Shareholders confirm that this Agreement is intended to supersede the provisions of the Act which provide a shareholder with an opportunity to dissent. A Shareholder dissenting in respect of any proposed transaction of the Corporation shall not have the right to demand payment for her Shares in accordance with the provisions of Section 184 of the Act but shall only be permitted to dispose of her Shares in accordance with the provisions of this Agreement.

n. Independent Legal Advice.

Each Shareholder hereby expressly declares and acknowledges that: this Agreement was drafted by the law firm of Duboff Edwards Haight & Schachter ("DEHS") on behalf of and at the request of the Corporation. DEHS has not provided to the individual Shareholders legal advice or counsel, nor has it represented it in connection with, this Agreement. Each Shareholder has sought, will seek, or recognizes that it should obtain independent legal advice in connection with this Agreement. In the event that each Shareholder does not obtain independent legal advice prior to signing this Agreement, it will have done so voluntarily and without any undue pressure and agrees that any such failure to obtain independent legal advice shall not be used by it as a defense to the enforcement of its obligations under this Agreement.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto.

<p>JVCO Transport Ltd.</p> <p>Per:  Sept 10/08</p> <p>Per:  Sep 10/08</p>	<p>The Puratone Corporation</p> <p>Per:  Sep 10/08</p>
<p>Steve's Livestock Transport (Blumenort) Ltd.</p> <p>Per:  Sept 10/08</p>	

TERM SHEET

FOR THE PURPOSE OF DESCRIBING THE JOINT VENTURE OF:
STEVE'S LIVESTOCK TRANSPORT (BLUMENORT) LTD. (hereinafter "SLT")

WITH:

THE PURATONE CORPORATION
(hereinafter "Puratone")

RECITALS

- A. SLT and Puratone intend to establish a joint venture (JVCO) whose principal activity will involve the transport of all swine related to the hog production system of Puratone including all affiliated companies, joint ventures, or future acquisitions (the present system is illustrated in Schedule D) in accordance with the objectives outlined in a meeting between the respective companies held on April 4, 2008 and based upon the Terms and Conditions outlined herein.
- B. The resulting newly established corporate joint venture (hereinafter "JVCO"), will be beneficially owned 50% by Puratone, and beneficially owned 50% by SLT. The bylaws and shareholder agreements related to JVCO will be established in accordance with the provision set forth herein.
- C. JVCO will initially operate 5 tractor trailer units and will operate with the intent of providing as large a portion of Puratone's livestock hauling needs through it's own fleet as is commercially practical. SLT will provide the remaining livestock transport services to Puratone at competitive pricing.
- D. JVCO will operate from the SLT place of business located in Blumenort, Manitoba.
- E. JVCO will hire sufficient staff and resources to fulfill all administrative functions that can be efficiently provided within JVCO. All other functions and support will be outsourced to SLT which may include, but are not limited to:
 - Managerial oversight
 - Financial services such as accounts receivable and accounts payable, as well as monthly financial statement preparation.

- Logistical scheduling and dispatch in consultation with Puratone's hog production requirements.
 - Fleet purchasing and maintenance
 - Fuel purchasing
 - Truck and trailer washing and Puratone bio-security protocol oversight and compliance.
 - Staff recruitment and supervision
- F. The effective date for the establishment and commencement of operations of the JVCO will be June 30, 2008.
- G. Invoicing and payments to JVCO and SLT will be on a 14 day cycle to reduce working capital requirements.

GENERAL TERMS & CONDITIONS

1. DESCRIPTION OF TRANSACTION

- 1.1 ESTABLISHMENT OF JVCO. A numbered company incorporated in Manitoba will be acquired, with 50% of the common share capital owned by Puratone and 50% of the common share capital owned by SLT (or any successor corporation of SLT set up for the purposes set out herein).
- 1.2 ACQUISITION OF FLEET. SLT will identify trucks and trailers available for purchase and suitable for the requirements of the JVCO. Where possible, SLT will give preference to the units presently owned by Puratone for this purpose and assist in establishing fair market value of these units identified in Schedule A. SLT will propose the identified units to the Board of Directors of the JVCO for approval, and the approved units will be purchased.
- 1.3 TRANSFER OF EMPLOYEES. JVCO will offer employment to all Puratone truck drivers presently engaged in Puratone's livestock transport team and identified in Schedule B. Terms of employment are not required to mirror the present arrangements with Puratone, however seniority will be extended into JVCO.
- 1.4 EMPLOYEE RECRUITMENT. SLT will recruit all additional drivers as necessary to operate the units acquired by JVCO.

2. FEES AND EXPENSES

- 2.1 PAYMENT OF FEES AND EXPENSES. All fees and expenses related to the establishment and reorganization of the merger will be assumed by JVCO.

3. JVCO BOARD OF DIRECTORS AND SHAREHOLDER REPRESENTATION

- 3.1 **BOARD COMPOSITION.** The JVCO Board of Directors will consist of 2 directors appointed by SLT and 2 directors appointed by Puratone. The appointed members must be executive or senior management members of the respective companies.
- 3.2 **COMPANY OFFICERS.** The appointment of the offices of President, Vice-president, and Secretary will require majority consent of all Directors.
- 3.3 **SHAREHOLDER REPRESENTATION.** Puratone and SLT shall both be entitled to appoint 2 individuals to represent and cast their votes at duly called and legally constituted Shareholders Meetings.

4. FINANCIAL STRUCTURE & RELATED ITEMS

- 4.1 **CAPITAL STRUCTURE.** The authorized capital stock of JVCO will consist of Common voting shares, Common non-voting shares, Preferred voting shares, and Preferred non-voting shares. JVCO will issue 100 shares of voting Common Stock, of which SLT will be the beneficial holder of 50, and Puratone will be the beneficial holder of 50.
- 4.2 **DEBT STRUCTURE.** JVCO will seek to establish a revolving credit facility intended to fund no less than 50% and no more than 75% of the inventory and accounts receivable. JVCO will also seek to finance all truck and trailer units through term loans or capital lease arrangements for the longest term and highest margining available to match, as closely as possible, the expected lifespan of the related units. Financing will be arranged with RBC or another financial institution if JVCO is disadvantaged by using RBC.
- 4.3 **YEAR END.** The fiscal year end of the Company will be September 30th.
- 4.4 **FINANCIAL AUDIT.** The records of the Company will be audited unless otherwise determined by unanimous agreement of the shareholders. Shareholders will review the audit requirement annually. The initial auditor will be a company qualified to provide audit opinions who is mutually agreed to by both Puratone and SLT and does not have a significant business relationship to either party.
- 4.5 **LEGAL COUNSEL.** The general solicitors for the Company will be Duboff, Edwards, Haight & Schlachter of Winnipeg, MB.

5 RELATED PARTY TRANSACTIONS

- 5.1 **GENERAL MANAGEMENT.** JVCO will enter into a 1 year service contract with SLT for a monthly fee of \$976.27 based to provide the following general management oversight (but not limited to) to the enterprise:
- Billing fee structure competitive with the livestock hauling industry and consistent with the structure and rates used by SLT.
 - Policy development and maintenance as approved by the Directors of JVCO.
 - Development and implementation of Standard Operating Procedures for drivers. Compliance with all legislative requirements relating to the transport industry and livestock care during transport.
 - Financial management and budgeting.
 - Procurement and allocation of resources including trucks and trailers.

This contract is to be renewed annually with any change in fees mutually agreed to by SLT and Puratone. The fees are to be established with the intent of recovery of SLT's fully burdened cost of providing these services, with no additional profit margin provision. In the event that agreement cannot be reached, both parties consent to referring the establishment of these fees to the Company Auditor. The above Management fee is based on 5 units and would increase by \$195.25 per month for each additional unit in JVCO.

5.2 ADMINISTRATIVE INFRASTRUCTURE SUPPORT SERVICES. JVCO will enter into a 1 year service contract with SLT for a monthly fee of \$4,371.55 based upon the allocations provided in Schedule C to provide the following administrative support services to the enterprise: JVCO would be charged \$825 as a one time start-up fee for purchase of software licences, data entry. JVCO would pay SLT a training fee of \$750 for each driver brought from Puratone and \$1,500 per driver for other new drivers brought into JVCO.

- Periodic accounting and monthly financial statement reporting
- Finance & treasury functions
- Tax planning and compliance
- Arrangement of insurance and registration
- Logistics and dispatch
- Human resources management
- Executive management review of operations

This contract is to be renewed annually with any changes in fees mutually agreed to by SLT and Puratone. The fees are to be established with the intent of recovery of SLT's fully burdened cost of providing these services, with no additional profit margin provision. In the event that agreement cannot be reached, JVCO will seek to develop the expertise internally.

5.3 LIVESTOCK TRANSPORT SERVICES. JVCO will utilize SLT for all livestock transport related to the Puratone hog production system that cannot be efficiently provided by JVCO efficiently through the JVCO fleet. Fees charged by SLT for this service will reflect competitive fees for the aggregate volume of work involved through JVCO; both internally provided by owned equipment and provided by SLT. JVCO will endeavour to structure and maintain it's fleet size in such a way as to minimize the use of SLT hauling.

5.4 EQUIPMENT WASHING SERVICES. JVCO will utilize Blue Water Wash (BWW) for all equipment washing related to the Puratone hog transportation. Fees charged by BWW for this service will reflect competitive fees for the aggregate volume of work involved through JVCO; both internally provided by owned equipment and provided by SLT

6. CONDITIONS OF CLOSING

6.1 CLOSING SCHEDULE. The timing of transactions and related closing schedule follows:

- | | |
|---|---------------|
| • Review and sign off of Term Sheet | May 15, 2008 |
| • Valuation of Puratone livestock fleet | May 31, 2008 |
| • Execution of legal agreements and contracts | June 15, 2008 |

- Notification of effected parties (staff, etc.) June 15, 2008
 - Fleet acquisition & HR recruitment & training June 15, 2008
 - Start of operations June 30, 2008
- 6.2 CLOSING CONDITIONS. The conditions precedent prior to closing are:
- Adequate financing in place to fund the purchase of fleet as outlined in 1.,2
 - Initial shareholder loan advances of \$100,000 advanced by each partner, Puratone and SLT or as mutually agreed upon.,
 - Acceptance of Shareholders Agreement
 - Closing costs to be paid by JVCO

TERMS OF UNANIMOUS SHAREHOLDERS AGREEMENT

7. GOVERNANCE ISSUES

7.1 ITEMS REQUIRING UNANIMOUS SHAREHOLDER CONSENT.

- Winding up of the business
- Sale of all or substantially all of the assets
- Any change in the issued and outstanding shares of the Company, notwithstanding the provisions set forth in section 9.3.
- Any issuance of convertible debentures, stock options, warrants, or any other agreements to issue shares
- Changes to existing share rights
- Amendment to Articles and By-laws
- Change in number of Directors and Board composition requirements
- Change in profit distribution policy
- Amendments to the USA
- Restructuring or reorganization of the Company
- Change in Auditors
- Change in general solicitors

7.2 ITEMS REQUIRING UNANIMOUS BOARD OF DIRECTOR CONSENT

- Actions that would result in a failure by JVCO to meet certain specified thresholds in working capital or debt to equity ratios or that would constitute a breach of any of JVCO's covenants to secured lenders.
- Dividend declarations
- Material or fundamental change in the business, assets, liabilities, or financial condition
- Management fees to shareholders

7.3 ITEMS REQUIRING MAJORITY BOARD OF DIRECTORS CONSENT

- Approval of annual budget and business plan
- Securing of additional lending facilities
- Change in primary bank
- Change in year end or discretionary accounting policies
- Any changes in the offices of President, Vice-president, Secretary, or CEO/General Manager
- Employment policy including changes to wage scale, benefits, organizational structure, large scale lay-offs, or hiring campaigns

- Transactions out of the ordinary course of business
- Any contract, agreement, or commitment of JVCO with Puratone or SLT or any other person who is not at arm's length
- Any commercial transactions between JVCO with Puratone or SLT or any other person who is not at arm's length that exceed \$1,000, or transactions that can be expected to reoccur in the ordinary course of business where the aggregate value of these transactions exceeds \$1,000
- Approval of annual audited financial statements
- Individual capital expenditures exceeding \$10,000

8. PROFIT DISTRIBUTION

- 8.1 EARNINGS RETENTION. All earnings will be distributed to shareholders except those amounts required to provide reasonable assurance that the Company will be able to operate without impairment and within all financial covenants as required from time to time by lenders to the Company. These amounts, identified as surplus, shall hereinafter be referred to as "surplus cash".
- 8.2 DISTRIBUTION FREQUENCY. Surplus cash will be determined annually and after receipt and review of the audited financial statement for the Company and the anticipated cash requirements of the budget and business plan for the subsequent year. Said determination and the resulting surplus cash will be distributed within 90 days of each fiscal year end.
- 8.3 PRIORITY OF DISTRIBUTION. The distributions will be made:
- Firstly to repay whatever shareholder amounts are required to result in remaining shareholder advances to be in amounts pro-rata to their common share ownership.
 - Secondly to repay shareholder loan amounts in proportion to their common share ownership.
 - Thirdly to pay management fees as deemed appropriate by the Board of Directors.
 - Lastly to pay outstanding dividend declarations.
 - None of the above priorities should preclude or interfere with effective tax planning for JVCO and the shareholders.

9. SHAREHOLDER ADVANCES

- 9.1 SHAREHOLDER LOANS. If a cash flow deficiency occurs or is projected by JVCO, and the amount of any available outside financing is less than such deficiency, JVCO shall provide a notice (the "loan notice") to the shareholders informing them of the amount of additional shareholder loan required, which amount (the "deficit amount") shall be determined by the Directors of the Company in their absolute discretion. Concurrent with the delivery to the Shareholders of the loan notice, there shall be delivered to each Shareholder a Notice of Special Meeting for the purpose of determining the additional Shareholder Loan equal to the deficit amount, in which case each of the Shareholders shall be requested to do so within five (5) working days, failing which should any shareholder be unable or unwilling to contribute to such Shareholders Loan, there shall be no absolute requirement to do so but the other terms of this Agreement shall apply.

- 9.2 INTEREST ON SHAREHOLDER LOANS. For any party who provides the shareholders loan pursuant to this section of the agreement, that party shall receive interest on such additional loan at the prime rate charged by JVCO's banker from time to time plus eight percent per annum on such additional loan payable by JVCO prior to any monies being paid to reduce any other shareholders loans and/or payment of any dividends.
- 9.3 SHAREHOLDER FUNDING REQUIREMENTS. In the event the loan notice is provided and any shareholder(s) choose not to advance their portion of the deficit amount, the other shareholder may choose to provide the shortfall and in consideration for these funds, will receive the interest rate set out in 9.2 above and during its currency such loan shall carry the right to convert the loan, on 90 days notice to the shareholder who did not provide sufficient funds, to common shares of the shareholder who did not provide sufficient funds in such amounts as to cause the resulting common share ownership to perfectly reflect the combined investment of shareholder advances and common share ownership using the net book value of the common shares as the basis for valuation. The number of common shares transferred will be determined using the net book value as derived from the most recently prepared balance sheet of JVCO in accordance with GAAP. Any such transfers will not require shareholder consent.

10. SHARE TRANSFERS

- 10.1 SALE OF PARTIAL HOLDINGS. No sales of partial ownership positions of Puratone or SLT will be allowed.

11. PURATONE WINDUP PROVISION

- 11.1 NOTICE OF WINDUP. In the event Puratone wishes to terminate the joint venture partnership of JVCO, Puratone can, at any time but not before two years has elapsed from the date of the establishment of JVCO, provide 180 day notice to SLT of the intention to acquire all of the assets of the JVCO or to purchase all shares of JVCO held by SLT.
- 11.2 ASSET OR SHARE VALUATION. A fair market value will be established and agreed upon by Puratone and SLT. In the event agreement cannot be reached, an independent appraisal process will be mutually agreed upon and Puratone will have to accept the resulting values or rescind notice of intent to acquire the assets or shares.
- 11.3 WINDUP. Following the establishment of an agreed upon value, Puratone will have ninety (90) days to tender payment for the assets or shares, at which time the assets or shares will become the property of Puratone.
- 11.4 EMPLOYEES. Puratone will offer employment to all employees of JVCO without interference from SLT. SLT will not solicit to hire any of these employees until a period of 12 months has elapsed from the asset or share acquisition date. Any employee termination expenses will be the responsibility of Puratone.

12. SLT WINDUP PROVISION

- 12.1 NOTICE OF WINDUP. In the event SLT wishes to terminate the joint venture partnership of JVCO, SLT can, at any time but not before two years has elapsed from the date of the establishment of JVCO, provide 180 days notice to Puratone of the intention to divest of assets or shares of the JVCO.
- 12.2 ASSET OR SHARE VALUATION. A fair market value will be established and agreed upon by Puratone and SLT. In the event agreement cannot be reached, an independent appraisal process will be mutually agreed upon and a FMV determined.
- 12.3 PURATONE 1st RIGHT TO PURCHASE. Following the establishment of an agreed upon value, Puratone will have ninety (90) days to tender payment for the assets or shares, at which time the assets or shares will become the property of Puratone.
- 12.4 EMPLOYEES. Puratone will offer employment to all employees of JVCO without interference from SLT. SLT will not solicit to hire any of these employees until a period of 12 months has elapsed from the asset or share acquisition date. Any employee termination expenses will be the responsibility of Puratone
- 12.5 NON-PURATONE SALE. In the event Puratone does not wish to purchase the assets, the assets will be sold and the corporation wound up with the net proceeds of distribution after discharging all liabilities distributed to the shareholders in accordance with the registered shareholdings.

13.0 DISPUTE RESOLUTION

- 13.1 APPLICATION. In the event there is a dispute amongst the parties hereto concerning either the interpretation of this Agreement or any questions dealing with the operation of the Company the issue in dispute shall be resolved by arbitration
- 13.2 ARBITRATION PROVISIONS. The following provisions shall apply to any dispute, difference or question arises among the parties hereto concerning any Section or Sections of this Agreement to which arbitration applies:
- a) Initiation of Arbitration
arbitration shall be initiated by one party giving notice (the "Arbitration Notice") to the other party or parties to the dispute of his desire to have a matter arbitrated in accordance with this section, and shall state the matter which the initiating party wishes to have arbitrated;
 - b) Single Arbitrator
the matter requiring arbitration shall be referred to a single arbitrator if one can be mutually agreed upon by the parties to the dispute, difference or question within seven business days of the Arbitration Notice being given;
 - c) Multiple Arbitrators
in the event that the parties to the dispute, difference or question cannot agree upon a single arbitrator, then each party involved in the arbitration shall name one arbitrator within a further period of seven business days there from, and the arbitrators so named shall appoint one more arbitrator, unless the appointing of one more arbitrator would result in there being an even number of arbitrators, in which case the arbitrators shall appoint two more arbitrators;

d) Refusal to Appoint

if one of the parties to the arbitration refuses or neglects to appoint an arbitrator within the period herein set out, then the arbitrator appointed by the other party to the arbitration shall sit and hear the arbitration;

e) Reference to Court

in the event that the arbitrators named by the parties to the arbitration cannot agree upon the additional arbitrator or arbitrators as above provided within seven business days of the date of the appointment of the last of them, then, after the expiry of such seven business day period, any one of the parties to the arbitration may apply to a judge of the Court of Queen's Bench of Manitoba or its successor to appoint the additional arbitrator or arbitrators to sit and hear the arbitration;

f) Arbitration Decision

the decision arrived at by a single arbitrator or a majority of the arbitrators, as the case may be, shall be binding upon all the parties to the arbitration and no appeal shall lie there from;

g) Submission under Act

the provisions of this section shall be deemed to be a submission to arbitration within the provisions of *The Arbitration Act* (Manitoba).

AGREEMENT BINDING

14.0 This agreement shall enure to the benefit of and be binding upon the Parties and their respective heirs, executors and administrators.

The terms and conditions outlined in this document are accepted on this 20 day of

Mary, 2008 by:

**STEVES LIVESTOCK TRANSPORT
(Blumenort) LTD.**

Per: 

Title: CEO

I have the authority to bind the Corporation.

SCHEDULE A

List of Puratone livestock transport fleet

UNIT	MAKE	ODOMETER (km)	YEAR	NET BOOK VALUE
Tractors				
Ford	3/4 F250		1997	3,800
Kenworth	T600	-	1988	-
Kenworth	T800	850,000	1998	-
International	Eagle	780,000	1998	5,392
International	Eagle	570,000	2000	13,387
Peterbilt		735,000	2003	29,248
Kenworth	T800	117,000	2007	109,627
				161,454
LENGTH (ft)				
Trailers				
Merritt	tridem pot	53	2006	44,115
Merritt	tridem pot	53	2007	76,373
Hi-Tech	gooseneck	53	1996	-
Hi-Tech	gooseneck	53	1996	-
Merritt	tandem pot	48	2001	-
Merritt	tandem pot	48	2002	-
Merritt	tridem pot	53	2000	34,080
				154,568
				316,022

SCHEDULE B

List of Puratone employees

DRIVER	HOURLY WAGE	YEARS OF EMPLOYMENT
Darren Binne	18.00	2
Aaron Reilly	17.20	8
Joel Roch	16.00	-
	17.07	3

SCHEDULE C

Allocations pertaining to Administration Infrastructure provided by SLT

	Monthly Fee
Dispatch .5 FTE plus assistant at .25 FTE	2,986.67
Accounting 4 accounting staff for a total of .15 FTE	558.60
Safety and Compliance 3 staff for a total of .04 FTE	416.67
HR	89.60
IT	98.00
Personnel Total	4,149.54
Other Admin Software licence and office supplies	222.02
Total (For 5 units)	4,371.55

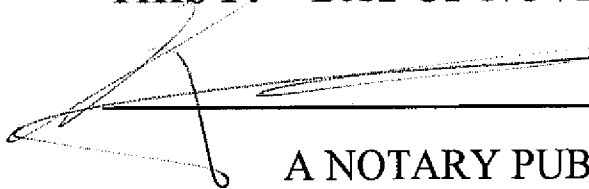
Monthly Administrative Infrastructure Support fee to increase by \$874.31 for each unit added.

SCHEDULE D

Puratone Hog Production Volumes with Control Indication

100% Ownership		Canadian Production Movements Annually				
Sows		Cull Sows	Gifts	Piglets	Feeders	Market Hogs
6,525	Multiplication	2,741	2,663	94,486	36,738	35,018
11,580	ASR	4,864	5,790	266,340	258,350	241,174
8,135	US Flow	3,417	4,068	195,240		
1,300	Far - Fin	546	650		3,925	19,209
	Feeders out of SB/QF Arborg Contracts				149,957	55,499
Joint Venture						
Sows						
2,850	Paradigm	1,197	1,425		71,153	52,728
	Bonds					18,891
	Heritage					18,842
Significant Control Purchase						
Sows						
3,150	SWI/Mahara	1,323	1,575	72,450	70,277	
	Retail					72,897
Limited Control Purchase						
Sows						
5,600	New Gen	2,352		134,400		
5,000	SB/QF	2,100				
Totals	44,140	18,539	16,170	762,916	590,399	514,259
Production with Significant Control		12,764	16,170	628,516	590,399	441,362
	Percent "Control"	69%	100%	82%	100%	86%

**THIS IS EXHIBIT "4" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 14TH DAY OF NOVEMBER, 2012**



A NOTARY PUBLIC
in and for the Province of Manitoba

MEMORANDUM OF AGREEMENT made as of the 5 day of October 1999

BETWEEN:

THE PURATONE CORPORATION

(hereafter called "Puratone"),

OF THE FIRST PART,

- and -

JACOB KASDORF

(hereafter called "Jake"),

OF THE SECOND PART,

- and -

JASON KASDORF

(hereinafter called "Jason")

OF THE THIRD PART,

- and -

JUDY KASDORF

(hereinafter called "Judy")

OF THE FOURTH PART,

- and -

HERITAGE HOGS LIMITED.

(hereafter called the "Corporation"),

OF THE FIFTH PART.

WHEREAS:

- (1) The parties to this agreement (other than the Corporation) are the only shareholders in the Corporation;

- (2) Puratone is the registered and beneficial owner of 100 common voting shares in the Corporation, Jake is the registered and beneficial owner of 34 common voting shares in the Corporation, Jason is the registered and beneficial owner of 33 common voting shares in the Corporation, and Judy is the registered and beneficial owner of 33 common voting shares in the Corporation;
- (3) Jake and Judy are husband and wife and Jason is their son. Jake, Jason and Judy, together with any other children of Jake and Judy may hereinafter sometimes be referred to collectively as the "Kasdorf Family Group";
- (4) The parties wish to deal, among other things, with their rights as shareholders;

NOW THEREFORE THIS AGREEMENT WITNESSETH AS FOLLOWS:

ARTICLE I

UNANIMOUS SHAREHOLDERS AGREEMENT

1.01 The parties hereto declare this to be a Unanimous Shareholders Agreement within the meaning of The Corporations Act.

1.02 The directors shall not be entitled to take any action out of the ordinary course of business unless such action is approved by a confirming instrument of the shareholders (as hereinafter defined).

1.03 Without limiting Article 1.02 the following shall, except where the provisions of this Agreement require a greater number of votes, require approval by confirming instrument of the shareholders, namely:

- (a) the issue of shares in the Corporation;
- (b) any amendment to the general by-laws of the Corporation;
- (c) the borrowing of monies;
- (d) the entering into of any contract or arrangement other than in the ordinary day to day affairs of the Corporation.

For the sake of clarity, it is understood and agreed that the transfer of any shares in the Corporation, other than as provided herein shall require the unanimous approval of the shareholders.

- 1.04 Any shareholder or group of shareholders holding 35% or more of the voting shares may require a shareholders meeting to be held to consider matters referred to in the notice requesting the meeting and any resolution passed by the shareholders shall be of the same force and effect as if passed by the directors and approved by a confirming instrument of shareholders.
- 1.05 A "confirming instrument of the shareholders" shall mean a resolution passed at a meeting of the shareholders at which not less than 51% of the votes cast at such meeting shall vote approval of such action, or in lieu of a meeting, an instrument signed by a shareholder or shareholders representing at least 51% of all outstanding voting shares in the Corporation and this provision shall apply not only for the purpose of this agreement but with respect to all corporate action.
- 1.06 The parties hereto acknowledge and agree that the Corporation will enter into a management agreement with Puratone. The entering in to, termination, cancellation and amendment of the said management agreement and any further agreements in substitution therefor shall be matters solely within the power of the shareholders and shall require a confirming instrument.

ARTICLE II

OPTION TO BUY ON DEATH

- 2.01 Upon death of a member of the Kasdorf Family Group (hereinafter the "deceased") then the remaining members of the Kasdorf Family Group who hold shares in the Corporation as the date of the death of the deceased (hereinafter called "the optionee") shall have the option of purchasing all but only all of the shares (the "Shares") in the Corporation owned by the deceased.
- 2.02 The terms on which Shares may be purchased, unless otherwise agreed upon by optionee and the personal representative of the deceased, are as follows:
- (a) the purchase price payable for Shares shall be the fair value thereof determined in accordance with the provisions of Article VIII;
 - (b) the said option may be exercised at any time within the later of:
 - (i) thirty days after the value of the Shares of the deceased have been determined in accordance with the provisions of Article VIII and notification given to the optionee, Puratone and the personal representative of the deceased, or;
 - (ii) 180 days following the death of the deceased.

- (c) the closing of the purchase and sale shall take place not later than 10 business days following the exercise of the option aforesaid and the purchase price shall at the option of the optionee be payable in cash or by term payments. If payable in cash, it shall be payable forthwith following the exercise of the option. If by term payments then the provisions set forth in Schedule "A" shall apply to each term purchase.

2.03 If all the Shares owned by the deceased are not purchased or the option not exercised as provided in paragraph 2.02, or the Shares transferred to a member of the Kasdorf Family Group by virtue of devolution or last will and testament of the deceased within the time provided in paragraph 2.02, then Puratone shall have the option to acquire all but not less than all of the Shares on the same terms and conditions set forth in paragraph 2.02, such option being exercisable by notice in writing to the personal representative of the deceased within 210 days of the death of the deceased.

ARTICLE III OPTION TO BUY ON DISABILITY OR BANKRUPTCY

3.01 On the bankruptcy of a member of the Kasdorf Family Group who is a shareholder in the Corporation (hereafter called the "incompetent member"), the trustee of such person shall be bound forthwith to offer all the shares in the Corporation of the incompetent member to the other shareholders who shall be entitled to purchase the shares in the same manner as provided in Article II as if the incompetent member had died on the date of the incompetent member's assignment in bankruptcy; provided however that Schedule A shall not apply to any term payments. On the bankruptcy of Puratone, the trustee of Puratone shall be bound forthwith to offer all the shares in the Corporation held by Puratone to the members of the Kasdorf Family Group who are shareholders in the Corporation at a price calculated in the same manner and on terms as provided in Article II for the shares of the Kasdorf Family Group provided that the Provisions of Schedule A shall not apply to any term payments. If term payments are selected by any of the shareholders acquiring shares, unless the trustee and purchasing shareholder otherwise agree, the shareholder(s) may pay the purchase price by 120 equal monthly installments of principal, without interest, such first installment to commence on the first day of the calendar month next following the transfer of the shares to them.

ARTICLE IV RESTRICTIONS ON ISSUE OR TRANSFER OF SHARES AND RIGHT OF FIRST REFUSAL

4.01 Except as expressly provided in this agreement, except for shares now issued no further shares shall be issued without the written consent of all the shareholders and then unless otherwise unanimously agreed, they shall be offered to the shareholders pro rata to their then shareholdings at the same price and on the same terms.

4.02 Except as expressly provided in this agreement, there shall be no right in any person to deal in any manner whatsoever with any shares in the Corporation and no person shall acquire any interest therein either at law or in equity, nor shall any person be entitled to pledge or charge his shares or any interest therein without the consent in writing of all shareholders holding voting stock. All share certificates in the capital stock of the Corporation issued shall have an appropriate endorsement as required by the provisions of The Act. In the event any shares are transferred, the transferee shall be bound by the terms of this agreement and execute a separate agreement if requested to do so.

4.03 Subject to paragraph 4.04, in the event that a shareholder (the "*Notifier*") shall receive a *bona fide* offer (the "*Third Party Offer*") from an arm's length third party (the "*Third Party*") for all but not less than all of the Notifier's shares in the Corporation (the "*shares*"), the Notifier shall not accept such Third Party Offer without first giving written notice (the "*Refusal Offer*") to the other shareholders (the "*Offerees*") offering to sell the shares to the shares to the Offerees on the same terms and conditions *mutatis mutandis* as contained in the Third Party Offer, a true copy of which shall be annexed to the Refusal Offer, or shall only accept such Third Party Offer subject to the rights of the other shareholders as herein provided.

The Offerees shall have 15 days (the "*Refusal Period*") from the receipt of the Refusal Offer to agree, by notice in writing to the Notifier (the "*Reply*") to purchase the shares. If more than one of the Offerees agrees to purchase the shares, the provisions of Article VIII shall apply to determine the number of such shares which each may purchase. Closing of the purchase and sale shall take place on the later to occur of 15 days following the expiry of the Refusal Period and the date provided in the Third Party Offer, in accordance with the provisions of the Third Party Offer, *mutatis mutandis*.

If none of the Offerees agree to purchase within the Refusal Period, or if not all of the shares are agreed to be purchased by Offerees within the said period, then all of the Offerees shall be deemed to have rejected the offer contained in the Refusal Offer and the Notifier shall have the right to conclude the sale of the shares to the Third Party within the later of the date for closing set forth in the Third Party Offer and 90 days following the expiry of the Refusal Period (the "*Closing Period*"), subject however to the following conditions:

- (a) title to or interest in the shares shall not pass until the Third Party agrees in writing to become a party to and be bound by the terms of this Agreement; and
- (b) if either:
 - (i) the sale to the Third Party shall not close within the Closing Period; or

(ii) the terms and/or conditions contained in the Third Party Offer are amended or the Notifier is prepared to accept amendment, in writing or otherwise, to provide terms or conditions more favorable to the Third Party than contained in the Refusal Offer;

then the Notifier shall not sell the shares without first offering them again to the Offerees in accordance with this paragraph, and so on from time to time.

4.04 The provisions of paragraph 4.03 shall not apply in respect of a purchase and sale between members of the Kasdorf Family Group. Except as aforesaid, in the event that at least one but less than all of the members of the Kasdorf Family Group is the Notifier (but not all at the same time in respect of the same Third Party or person related to the Third Party), then although all other shareholders shall have the right to receive the Refusal Offer, the member or members of the Kasdorf Family Group who is a shareholder in the Corporation but who is not the Notifier shall have the right to purchase all, but only all, of the shares offered to the exclusion of the other shareholders if so elected by him in his Reply.

4.05 Notwithstanding paragraph 4.01, members of the Kasdorf Family Group who are shareholders in the Corporation may transfer shares to other members of the Kasdorf Family Group whether or not at such time the transferee is a shareholder of the Corporation provided that any such transferee who is not at that time a shareholder in the Corporation executes a separate agreement agreeing to be bound by the terms of this Agreement.

ARTICLE V RIGHTS AND OBLIGATIONS OF SHAREHOLDER(S)

5.01 The shareholders, as shareholders, covenant that they will vote their shares in such manner so that the board of directors shall consist of four (4) persons, two of which shall be nominees of Puratone of the one part, and two of which shall be nominees of the Kasdorfs. In the event that a director shall for any reason cease to be a director, that person may only be replaced by a nominee of the party or parties who nominated the person who ceased to be a director.

ARTICLE VI RIGHTS AND OBLIGATIONS OF FORMER SHAREHOLDERS

6.01 If any shareholder(s) shall purchase the interest of any other shareholder, then the one purchasing shall indemnify and save harmless the vendor or the vendor's estate of all liability that the vendor incurred on behalf of the Corporation, and if more than one shareholder purchases such indemnity shall be joint and several and the purchasers shall use their best endeavours to obtain a release of the vendor from any obligation assumed by the vendor on behalf of the Corporation.

6.02 The provisions of paragraph 6.01 herein shall apply in like manner to any liability incurred by an individual for the Corporation.

ARTICLE VII

PRO RATA PURCHASE OF SHARES

7.01 Except where otherwise provided in this Agreement, where any shareholders are permitted or required to purchase shares from another shareholder, unless they otherwise agree, such purchase shall be pro rata according to the number of common shares held by them respectively at such time. Where shareholders are entitled to purchase shares, such purchase shall be pro rata according to the number of common shares already held by them respectively, provided that no shareholder shall be obligated to take more than the said maximum number of shares desired by him. If any of the common shareholders do not in such event claim his proportionate amount of shares, the unclaimed shares shall be used for satisfying the claims of other common shareholders for excess shares, and if the claims which are in excess are more than sufficient to exhaust the excess, then the unclaimed shares shall be divided pro rata among the common shareholders desiring the excess shares in proportion to their then existing common shareholdings, but not exceeding the maximum amount desired by each of them, until all such shares are purchased. Provided however, no shareholder shall be required to sell any of his shares in the Corporation unless all his shares are so purchased, but nothing shall restrict the obligations of the remaining shareholders to purchase all shares in the manner and to the extent expressly provided by this Agreement.

ARTICLE VIII

FAIR VALUE BY ARBITRATION

8.01 For the purpose of Article II of this agreement "the fair value of shares" shall mean, unless the parties shall otherwise agree, the value per common share determined in accordance with the following formula applied at the time such value is to be determined:

$$NBV + D + FM + ANI$$

Where:

NBV is the net book value of the issued and outstanding common shares in the Corporation as determined by the auditors of the Corporation as of the close of business on the last day of the month immediately preceding the event in respect of which the value of common shares must be determined (the "Triggering Event");

D is the accumulated depreciation taken by the Corporation on all buildings and improvements to and including the fiscal year of the Corporation ending immediately before the Triggering Event (the "Preceding FYE"), less an amount determined by the auditors of the Corporation to be equal to the income tax which would be payable on the sale of such building(s) and improvements if the Corporation were to have sold such buildings and improvements on the last day of the Preceding FYE (on the further assumption that depreciation for the fiscal year ending on that date were taken) at a price equal to the book value thereof as shown on the financial statements of the Corporation for the same fiscal year plus the accumulated depreciation so determined;

FM is the fair market value of the shares of Niverville Feeds Ltd. held by the Corporation as determined by the auditors of the Corporation, less the net book value of such shares as shown on the financial statements of the Corporation for the Preceding FYE, and less an amount determined by the auditors of the Corporation to be equal to the income tax which would be payable on the sale of such shares as if sold on the last day of the Preceding FYE.

ANI is an amount determined by the auditors of the Corporation to be the average net income of the Corporation after income taxes based upon the net income after income taxes for the five preceding fiscal years of the Corporation, including the Preceding FYE, provided that if the number of completed fiscal years is less than five, such calculation shall be based upon the actual number of completed fiscal years.

ARTICLE IX

LOANS

9.01 Any monies required by the Corporation for its corporate purposes shall, where possible, be borrowed by the Corporation, and each of the shareholders of the Corporation shall subordinate any of their claims against the Corporation to any financial institution prepared to lend the Corporation monies. If the Corporation is unable to borrow all necessary funds, each shareholder shall be responsible for lending the Corporation such monies as may be necessary in the same ratio that the number of common shares owned by each of them bears to all common shares then outstanding. If any shareholder shall fail to advance the required amount of money, then the other shareholders may arrange for such financing as may be appropriate in the circumstances and shall have a first charge on the shares and interest of those persons who have failed to advance the monies and shall be entitled to receive all costs incurred with respect to such borrowing; provided however that until any such charge is realized by disposition of such shares, the shareholder in whose name such shares are registered shall be entitled to vote such shares without restriction. In the event that a shareholder has advanced more than its proportionate share (the "excess advance") then, in lieu of a charge on the shares of those who have not as aforesaid, and notwithstanding the provisions of paragraph 4.01 such shareholder may, by notice in writing to the Corporation given within 180 days of each such excess advance, subscribe for and be issued up to such number of common voting shares in the Corporation by conversion of all or part of such excess advance as would result in such shareholder's advances being in proportion to its holdings of common shares after deduction of the subscription price for the shares to be issued. The subscription price for common voting shares for which notice is given as aforesaid shall be the greater of \$1 per share and the net book value of common shares of the Corporation as at the close of business on the last day of the month in which such notice is given as determined by the auditors of the Corporation.

9.02 The approval of a shareholder or shareholders holding more than 50% of common voting shares shall be required for capital expenditures in excess of \$50,000.00.

9.03 Unless otherwise agreed by all shareholders (irrespective of classes of shares) the Corporation shall distribute the maximum amount of cash available in accordance with the following:

- (a) Firstly to retire the obligations of the Corporation to any person other than shareholders in accordance with arrangements made with any lender;
- (b) To setting up a reasonable reserve for future obligations;
- (c) Payment of interest, if any, on shareholders' loans;
- (d) Retirement of principal on shareholders' loans pro-rata on the basis of the amount loaned except if a person had advanced more than his share of the loans, he shall be entitled to have his loan reduced to his proportionate share first.

9.04 Notwithstanding the provisions of paragraph 9.01 hereof, the parties hereto acknowledge and agree that Puratone has loaned more than its proportionate share to the Corporation. Until such time as the loans made by Puratone to the Corporation are equal to its proportionate share of the common shares outstanding, interest shall be paid on the amount thereof in excess of its proportionate share from time to time (the "Excess Loans"). Interest as aforesaid shall be calculated and compounded daily and paid annually within 90 days after the Corporation's fiscal year end at a rate equal to the annual return on investment for such fiscal year. "Annual return on investment" means, in respect of each fiscal year of the Corporation, the rate expressed as a percentage which results when the net income of the Corporation for such fiscal year after income tax is divided by the sum of shareholder advances, stated capital and retained earnings.

At any time from the date of this agreement, or upon repayment to Puratone of the full amount of the Excess Loans, Puratone shall not be obliged to make any further Excess Loans and the making of any further Excess Loans shall not constitute a waiver of its right to enforce the provisions of paragraph 9.01 in respect of any further loans.

ARTICLE X

OPTION

10.01 Provided that on May 31, 2005:

- (a) at least one member of the Kasdorf Family Group is a shareholder of the Corporation and such person or the Kasdorf Family Group holds not less than 50% of the issued and outstanding common shares in the Corporation;
- (b) no event has occurred entitling a person to exercise an option pursuant to Articles II or III which has not fully completed or been waived or time expired;
- (c) no Refusal Offer is outstanding pursuant to Article IV; and

(d) no member of the Kasdorf Family Group is in default pursuant to the terms of this agreement;

then the members of the Kasdorf Family Group who are shareholders in the Corporation shall have an option to acquire from Puratone all, but not less than all of Puratone's shares in and shareholder loans to the Corporation (the "Kasdorf Option"). The Kasdorf Option may be exercised at any time from June 1, 2005 to July 15, 2005 by notice in writing to Puratone, failing which the Kasdorf Option shall become null and void. The purchase price for the shareholder loans shall be the principal amount thereof plus interest, if any, accrued thereon at the date the transaction of purchase and sale closes. The purchase price of the common shares shall be an amount equal to that proportion of the Option Share Price (as hereinafter defined) that the number of common shares then held by Puratone is of the total number of common shares in the Corporation then issued and outstanding. The purchase price for the shares and shareholder advances held by Puratone shall be paid in cash or by certified or solicitor's trust cheque on closing. Closing of the transaction shall take place on the 15th business day following the exercise of the option aforesaid. Upon closing, Puratone shall deliver duly executed transfers of the said shares, an assignment of its shareholder advances, and resignations of its nominees as directors of the Corporation.

For the purposes of this paragraph 10.01, the term "Option Share Price" means:

$$\text{NBV} + \text{D} + \text{FM} + \text{ANI}$$

Where:

NBV is the net book value of the issued and outstanding common shares in the Corporation as determined by the auditors of the Corporation as of the close of business on May 31, 2005;

D is the accumulated depreciation taken by the Corporation on all buildings and improvements to and including the fiscal year of the Corporation ending May 31, 2005, less an amount determined by the auditors of the Corporation to be equal to the income tax which would be payable on the sale of such building(s) and improvements if the Corporation were to have sold such buildings and improvements on May 31, 2005 (on the further assumption that depreciation for the fiscal year ending on that date were taken) at a price equal to the book value thereof as shown on the financial statements of the Corporation for the same fiscal year plus the accumulated depreciation so determined;

FM is the fair market value of the shares of Niverville Feeds Ltd. held by the Corporation as determined by the auditors of the Corporation, less the net book value of such shares as shown on the financial statements of the Corporation for the period ending May 31, 2005, and less an amount determined by the auditors of the Corporation to be equal to the income tax which would be payable on the sale of such shares as if sold on May 31, 2005.

ANI is an amount determined by the auditors of the Corporation to be the average net income of the Corporation after income taxes based upon the net income after income taxes for the five preceding fiscal years of the Corporation, including the fiscal year ending May 31, 2005.

10.02 In the event that the option provided in paragraph 10.01 is not exercised within the time provided or the transaction of purchase and sale not completed as therein provided after exercise of the option, then each of the Kasdorf Family Group (but only those who are shareholders in the Corporation) and Puratone shall have the option of acquiring all of the shares and shareholder loans of the other on the same terms and conditions, mutatis mutandis, save that:

(a) either party may exercise the option at any time by notice in writing to the other and the Corporation, provided that upon one party exercising the option, the other may not exercise the option unless the first party fails to complete the purchase and sale contemplated thereby;

(b) the purchase price for the common shares shall be determined in accordance with Article VIII and for such purposes "Triggering Event" shall be the exercise of the option herein, the date being the date of service upon the Corporation.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 In the event that a winding up of the Corporation is required by the provisions of this agreement as herein set forth, the shareholders agree that they and each of them will do all such things necessary or desirable therefor, and the provisions contained in this agreement for the winding up of the Corporation may be specifically enforced by mandatory injunction issued by a court of competent jurisdiction, damages not being considered an adequate remedy.

11.02 In the event that any court of competent jurisdiction shall hold any provision or provisions contained in this agreement to be invalid nevertheless the remaining provisions shall be in force and effect and deemed severable from any such provision or provisions. Without restricting the generality of the foregoing, the provision whereby the parties agree to bind themselves as shareholders shall be deemed severable from the provisions whereby they agree to bind themselves as directors and this agreement shall be construed accordingly.

11.03 The Corporation insofar as it lies in its power to do so agrees to be bound by the terms of this agreement and to do and perform all such acts and things in its power to perform fully and effectually as provided in this agreement and further agrees insofar as it lies in its power to refrain from so doing, not to do anything contrary to the provisions of this agreement.

11.04 The shares of any person shall include any shares held by any nominee or trustee.

11.05 If any person shall in accordance with the provisions of this agreement, sell all his shares in the Corporation, the provisions of this Agreement shall continue to apply to the remaining shareholders.

11.06 As soon as the shares in the capital stock of the Corporation owned by any shareholder shall be purchased by the other or others, the Corporation shall pay to the Vendor any monies owing to the Vendor and may at its option take the same period of time for paying such monies and shall pay the same rate of interest as provided for in Schedule "A" with respect to the purchase of shares. If the Vendor shall be indebted to the Corporation, the Vendor shall before being entitled to payment for his shares, pay to the Corporation, all monies owing by the Vendor to the Corporation. For clarity, it is agreed that the provisions of this clause shall apply not only to shares of the parties hereto, but to the shares owned by any other person as a result of operation of law and whether as a result of death, insanity or bankruptcy.

11.07 Where a person is entitled to purchase shares as provided for in this agreement and fractional ownership of shares will result, the shares may be transferred to any one or more shareholders entitled thereto, as trustee for all the persons entitled thereto and only to the percentage interest of any shareholder in such shares so held shall be considered that person's share.

11.08 All the provisions of this agreement entitling a person to require the purchase or sale of shares in the Corporation, shall include such person, his personal representative or representatives, any person entitled to such shares by transmission or operation of law as a result of the death, bankruptcy or insanity of a shareholder, and such rights may be exercised even though such person is not the registered holder of those shares and even though such person is not entitled to become the registered holder of shares.

11.09 Subject to any provisions of law respecting the Corporation then in force, in lieu of purchasing shares, the Corporation may redeem any shares at the same price that would have been payable if any shareholder being a party to this agreement were purchasing.

11.10 Where this agreement requires the winding-up, any shareholder may require that before proceeding with such winding up, the Corporation shall use its best efforts to sell all of its assets as a going concern including the goodwill thereof (but without any restrictive covenants by the individuals) and thereupon the shareholders shall do all things necessary so that the said sale may be carried out either for cash or on terms on the most advantageous terms to the Corporation and following such sale the Corporation shall proceed forthwith to wind-up. If said sale is not concluded within six months in any event, then the winding up shall be forthwith proceeded with. The parties shall be entitled to bid at any such sale in competition with the general public.

11.11 The expression "winding up" shall include "dissolution" as defined in the Act.

11.12 Any notice, direction, waiver, or other document required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by mailing the same postage prepaid and registered to the shareholders or the Corporation as follows:

- (a) The Puratone Corporation
Box 460
Niverville, Manitoba
R0E 1E0
- (b) Heritage Hogs Ltd.
Box 460
Niverville, Manitoba
R0E 1E0
- (c) Jacob Kasdorf
Box 149
Niverville, Manitoba
R0E 1E0
- (d) Judy Kasdorf
Box 149
Niverville, Manitoba
R0E 1E0
- (e) Jason Kasdorf
Box 149
Niverville, Manitoba
R0E 1E0

Any notice, direction, waiver or other document aforesaid if mailed shall be deemed to have been received on the fourth (4th) business day following the day on which it was mailed. Any party may from time to time change the address to which notices are to be given.

11.13 All prior unanimous shareholder agreements are hereby cancelled and replaced with this agreement.

ARTICLE XII

INTERPRETATION

12.01 In this agreement unless the context otherwise requires, "individual" or "individuals" shall mean an original party to this agreement other than the Corporation or a corporation.

12.02 In this agreement the singular shall include the plural and vice versa, the male gender shall include the female gender and vice versa and each shall include the neuter gender and the neuter gender shall include the male and female gender.

12.03 "The Act" means the statute under which this Corporation has been incorporated or any Act substituted therefor as amended from time to time, but reference shall be to The Act and amendments thereto in force at each relevant time.

12.04 In this agreement, unless the context otherwise requires:

(a) "Common Shares" shall mean a share, the holder of which is not precluded upon the reduction or redemption of the capital stock from participating in the assets of the Corporation beyond the amount paid up thereon plus a fixed premium and a defined rate of dividend;

(b) "Preference Shares" shall mean a share other than a common share (as defined in this Article);

(c) "Person" shall include a body corporate;

(d) "Corporate shareholder" shall mean a shareholder that is a corporation.

This agreement shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE PROPERLY EXECUTED THE DAY AND YEAR FIRST ABOVE WRITTEN.

HERITAGE HOGS LIMITED.

THE PURATONE CORPORATION

PER: *Jacob Kasdorf*

PER: *Jacob Kasdorf*

C. Kasdorf
Witness

Jacob Kasdorf
JACOB KASDORF

C. Kasdorf
Witness

Judy Kasdorf
JUDY KASDORF

C. Kasdorf
Witness

Jason Kasdorf
JASON KASDORF

SCHEDULE "A"

□

Provisions to apply in the event that one or more persons may purchase shares in the Corporation on terms.

□

(a) The Purchaser shall make a down payment equal to 25% of the purchase price. The balance of the purchase price inclusive of interest referred to in paragraph (b) shall be payable in equal monthly installments for such number of months as the Purchaser desires not exceeding in any event 60 months. The first of such monthly payments shall commence on the first day of the calendar month next following the month in which the purchase was made. Additional amounts may be paid without notice or bonus. All payments shall be applied firstly on interest and then on principal.

(b) Interest at the rate equal to 1% per annum above the prime lending rate of the Bank of Montreal shall be payable on the amount from time to time outstanding both before and after maturity, as well as both before and after default.

(c) The Purchaser shall pledge the shares being purchased to the Vendor as security until the full purchase price and interest has been paid.

(d) If the Purchaser shall be in arrears of payment for thirty consecutive days, or shall do anything contrary to the provisions hereof, then the full amount shall be immediately due and payable if demanded.

(e) All the shares being purchased shall be endorsed in street form and deposited with the solicitor of the Corporation to be held subject to the provisions hereof.

(f) So long as the Purchaser is not in default hereunder, then he shall have an irrevocable proxy to vote all the shares in the capital stock of the Corporation being purchased except he shall not be entitled to have any powers to vote them for any of the matters forbidden by the provisions of sub-paragraph (g). All dividends on the shares purchased shall, while the Purchaser is not in default hereunder, belong to the Purchaser, but shall be applied forthwith on the monies owing after deducting income taxes due thereon.

(g) The Purchaser shall not allow nor shall the Corporation do any of the following and the doing of any of the following by the Corporation shall be deemed a breach of this purchase agreement:

(i) The Corporation shall not purchase any capital assets costing more than \$100,000 without the consent in writing of the Vendor but nothing herein contained shall preclude the corporation from purchasing any property in the ordinary course of its business;

(ii) The Corporation shall not incur any obligations in excess of \$100,000 without the consent in writing of the Vendor other than usual trade obligations;

(iii) The Corporation shall not sell or otherwise dispose of any of its assets except in the ordinary course of its business;

(iv) The Corporation shall not cease to carry on business or threaten to cease to carry on business;

(v) The Corporation shall not pass any resolution for its winding up;

(vi) The Corporation shall not fail to meet all of its trade obligations and other obligations in the usual course of business and shall not allow any writs or other process of court to be outstanding;

(vii) The Corporation shall not fail to pay all taxes, rates charges and shall not fail to insure its assets to the full insurable value;

(viii) The Corporation shall not issue any additional shares in its capital stock except to persons agreeing to pay or paying therefor their value determined in accordance with the agreement with respect to which this was a schedule and unless such additional capital shares as are issued to the Purchaser are pledged forthwith with the solicitor to be held pursuant to this agreement;

(ix) The Corporation shall not, in any year, computed from the date of purchase, pay to any shareholder:

(A) salary or commission in excess of the amount previously paid to such shareholder prior to the sale of the shares of the Vendor; and

(B) any bonus in excess of an amount equal to the average of the bonuses paid to such shareholder in the three years prior to the sale of the shares of the Vendor;

plus an additional amount equal to the payments due hereunder and income tax payable on the additional payments. For the purpose hereof, shareholder shall mean the Purchaser and any person related to such a shareholder. The definitions now contained in Section 251 of The Income Tax Act of Canada respecting related persons shall mutatis mutandis apply;

(h) As soon as the Purchaser is in default hereunder, the following shall apply:

(i) If the purchase money is not paid within the required time as hereinbefore provided, title to all shares of the Purchaser shall forthwith vest in the name of the Vendor to be held and for such purposes the Vendor is hereby irrevocably appointed the attorney of the Purchaser to execute all transfers and to cause the name of the Vendor and his nominee or nominees to be entered on the Register of Shareholders as holder of the shares of the Purchaser;

(ii) Until full payment of the purchase price including interest, the Vendor shall be entitled to exercise full voting rights with respect to all such shares being sold by the Vendor and the shares of the Purchaser and to act as a director, officer, employee or otherwise

of the Corporation and to declare such dividends as to him shall seem desirable. All dividends declared on shares shall be deemed paid to the Purchaser, but shall in fact be applied to the purchase and the net amount thereof, less any taxes required to be paid by the Vendor either on his own behalf or on behalf of the Purchaser thereon, shall be credited to the purchase price. While managing the business of the Corporation, the Vendor shall be entitled to be paid a reasonable salary. Any sum paid by way of salary to the Vendor shall not be credited against the purchase price;

(iii) As an additional right, the Vendor shall be entitled at any time and from time to time while such monies remain unpaid, to sell all or any of the said shares, being both the Vendor's and Purchaser's shares by public or private sale and the net proceeds received for the sale of any such shares shall be applied on the debt owing by the Purchaser to the Vendor. After the full purchase price remaining unpaid, including interest, has been paid, any shares remaining shall be transferred to the Purchaser. After all such shares are sold, any surplus, if any, after paying the purchase price and interest, shall be paid over to the Purchaser, but if there is any deficiency, then the deficiency shall be payable forthwith by the Purchaser to the Vendor and shall be recoverable by action;

(i) So long as there are monies due to the Vendor:

(a) The Vendor shall be entitled to any information and reports that a director of the Corporation is entitled to, including, without restricting the generality of the foregoing, full consultations with the corporation's auditors and inspection of all relevant corporate documents and the Corporation's auditors are hereby authorized to consult with and reveal such information to the vendor as may be requested by the Vendor pursuant hereto;

(b) The Vendor shall be entitled at all reasonable time to make a full and complete enquiry into the affairs of the corporation including all necessary inspections and interviewing and whether by himself or by persons named by him or by others to ascertain that the provisions of this agreement are being complied with and complete assistance and cooperation shall be given to the Vendor for such purposes; but the Vendor shall not participate in day to day management nor shall he interfere with the day to day business of the corporation.

Failure by any person to comply with the provisions of this sub-clause shall render all monies immediately due and payable.

(j) If more than one person signs as Purchaser then their covenants shall be joint and several.



The Puratone Corporation
 Box 460 Niverville, Manitoba R0A 1E0
 Tel. 1-204-388-4741
 Fax 1-204-388-0037

July 15, 2005

Heritage Hogs Ltd.
 Box 460
 Niverville, MB
 R0E 1E0

Attention: Jacob Kasdorf
 Jason Kasdorf
 Judy Kasdorf

Re: Amendment to Unanimous Shareholders' Agreement for Heritage Hogs Ltd.

In accordance with the discussions between Jacob Kasdorf ("Jake"), Jason Kasdorf ("Jason") and The Puratone Corporation ("TPC") regarding an amendment to the Unanimous Shareholders' Agreement ("USA") dated October 5th, 1999 between TPC, Jake, Jason, Judy Kasdorf ("Judy") and Heritage Hogs Ltd. ("HHL"), we propose to amend Article X of the USA as follows:

- Under paragraph 10.01, all references to the date May 31, 2005 shall be changed to September 30, 2009 ;
- Under paragraph 10.01, the exercise period for the Kasdorf Option shall be adjusted from "June 1, 2005 to July 15, 2005" to "October 1, 2009 to November 15, 2009"

All other terms and conditions of the USA shall remain unchanged and fully in force.

Please indicate your acceptance of this amendment by signing in the space below and return a signed copy to our office.

Yours Truly,
 The Puratone Corporation

Accepted:
 Heritage Hogs Ltd.

Larry Johnson,
 Chief Financial Officer

cc: R. Hildebrand
 D. Pauls
 A. Freig

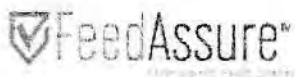
Jake Kasdorf, President

Jason Kasdorf, Shareholder

Judy Kasdorf, Shareholder

Jake Kasdorf, Shareholder

Delivering values through leadership, teamwork, respect, innovation and fun.



ISO 14001
 EMS Registered by:
 CGSB #03015





March 15, 2010

Heritage Hogs Limited
Box 460
Niverville, MB
R0A 1E0

Attention: Jacob Kasdorf
Jason Kasdorf
Judy Kasdorf

**Re: Second Amendment to Unanimous Shareholders' Agreement
Heritage Hogs Limited**

As this is a matter that pertains to the Unanimous Shareholders' Agreement ("USA") dated October 5, 1999 and its subsequent amendments, we propose to further amend Article X of the USA as follows:

- Under paragraph 10.01, all reference to the date of May 31, 2005, amended to September 30, 2009, shall be changed to September 30, 2013; and
- Under paragraph 10.01, the exercise period for the Kasdorf Option shall be adjusted from "October 1, 2009 to November 15, 2009" to "October 1, 2013 to November 15, 2013".

All other terms and conditions of the USA shall remain unchanged and fully in force.

Please indicate your acceptance of this amendment by signing in the space below and returning a signed copy to our office by 5 p.m. on March 31, 2010.

Yours truly,

Accepted:

THE PURATONE CORPORATION

HERITAGE HOGS LIMITED



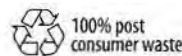
Ray Hildebrand,
President & CEO



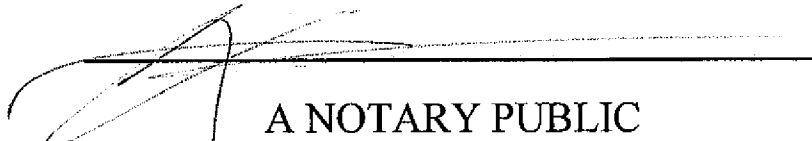
Jake Kasdorf


Jason Kasdorf


Judy Kasdorf



**THIS IS EXHIBIT "5" REFERRED TO IN THE
AFFIDAVIT OF LARRY SVEINBJORN JOHNSON
SWORN BEFORE ME AT THE CITY OF WINNIPEG
IN THE PROVINCE OF MANITOBA
THIS 14TH DAY OF NOVEMBER, 2012**


A NOTARY PUBLIC
in and for the Province of Manitoba

LIMITED PARTNERSHIP AGREEMENT

Pura Organics Limited Partnership

TAYLOR McCaffrey
Barristers and Solicitors
900 - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

R. Douglas Steinburg (988-0358)

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THIS Limited Partnership Agreement made this 18th day of September, 1998.

BETWEEN:

**the corporations listed in
Schedule "A" to this Agreement and each person who subsequently takes up
Limited Partnership Units**
(hereinafter referred to as the "Limited Partners"),

OF THE FIRST PART,

- and -

3898220 MANITOBA LTD.
(hereinafter referred to as the "General Partner"),

OF THE SECOND PART.

WHEREAS the General Partner and the Limited Partners wish to form a limited partnership pursuant to the provisions of The Partnership Act of Manitoba on the terms and conditions hereafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the premises and of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by the parties hereto, the parties hereby agree as follows:

ARTICLE I - DEFINITIONS

1.01 Definitions

In this Agreement, unless the context otherwise requires, the following terms shall have the following meanings:

"*Act*" means The Partnership Act of Manitoba as amended from time to time;

"*Accountant*" means the firm of chartered accountants appointed from time to time in accordance with this Agreement as accountants for the Partnership;

"*Agreement*" means this agreement and any amendment made from time to time thereto;

"*Capital*" means, at any time, the aggregate amount of original capital contributed by the Partners through the subscription for and purchase of Units, plus any additional amounts contributed either by the contribution of additional capital by the Partners in accordance herewith or by the issue of additional Units;

"*Capital Account*" means the separate account to be established and maintained for each of the Partners pursuant to Section 3.04 hereof;

"*Distributable Cash*" means the aggregate of:

(a) all revenue received from the operation of the business and undertaking of the Partnership by or on behalf of the Partnership after deducting all usual expenditures, including, without limitation, principal and interest debt service payments and all management fees and bonuses payable to the General Partner in accordance with Sections 4.11 and 4.15 hereof; and

(b) all proceeds from the sale of any or all of the assets of the Partnership after deducting therefrom all costs and expenses of such sale;

after deducting from the said aggregate such reserves as are considered necessary by the General Partner to meet anticipated future operating deficiencies and anticipated future expenses or liabilities of the Partnership;

"*Gross Sales*" means all revenues received by the Partnership from the operation of the Partnership Business, net of any sales or goods and services tax;

"*Major Partnership Decision*" means a resolution passed by Limited Partners having an aggregate number of Units of at least 66% of the total number of Units outstanding from time to time, in respect of any of the following matters:

(a) any proposed sale, refinancing or additional financing of all or substantially all of the Partnership assets;

(b) a proposed dissolution of the Partnership;

(c) a proposed material change in the nature of the business carried on by the Partnership;

(d) a proposed amendment of this Agreement; and

(e) a proposed increase in the capital of the Partnership;

"*Net Sale Proceeds*" means the proceeds of disposition of all or substantially all of the assets of the Partnership after deducting therefrom all costs and expenses of disposition and all debts and liabilities of the Partnership and after making provision for any reserves considered by the General Partner to be necessary for contingent or unforeseen liabilities or obligations of the Partnership;

"*Ordinary Course Borrowing*" means borrowings made by the General Partner, in accordance with this Agreement, to pay cash expenditures arising in the ordinary course of the Partnership Business;

"*Original Capital Contribution*" means the amount to be contributed by each of the Limited Partners through the subscription for Units pursuant to the provisions of Section 3.01 hereof;

"*Partners*" means the General Partner and the Limited Partners;

"*Partnership*" means the limited partnership formed by the Limited Partners and the General Partner pursuant to this Agreement;

"*Partnership Business*" means the business of owning or operating restaurants and in particular, carrying on the business of removal, transportation and spreading of hog and other animal waste, together with purposes incidental thereto;

"*Percentage Interest*" means, with respect to any Limited Partner at a particular time, the percentage interest which the amount in the Capital Account of such Partner is of the aggregate amount in the Capital Accounts of all Limited Partners at that time, provided that in determining the respective Percentage Interest of each Partner as at the end of a fiscal year of the Partnership for the purposes hereof, the respective Percentage Interests of each of the Partners as at the end of such fiscal year shall in each case be the average (weighted by time) of the Percentage Interest of such Partner during such year;

"*Register*" means the register of Partners maintained by the General Partner;

"*Subscription and Power of Attorney*" means the form of subscription and power of attorney attached hereto as Schedule "B", to be executed by each Limited Partner upon subscribing for Unit(s); and

"*Unit*" means a unit interest in the Partnership, with a subscription price of \$1.00 and entitling the holder to one vote.

ARTICLE II - THE LIMITED PARTNERSHIP

2.01 Formation, Registration and Compliance

The General Partner and the Limited Partners hereby agree to and do hereby form the Partnership pursuant to the provisions of the Act for the purpose of purchasing and operating the Partnership Business. The General Partner and the Limited Partners shall, concurrently with the execution of this Agreement, execute such forms as are required to duly register the Partnership as a limited partnership pursuant to the provisions of the Act and The Business Names Registration Act of Manitoba. The General Partner and the Limited Partners agree that they and each of them will at all times comply with the laws of Canada and the Province of Manitoba, in order to have the Partnership registered and qualified in the Province of Manitoba and to maintain such registration and qualification so long as the Partnership continues. The registration, qualification and maintenance of the Partnership in all jurisdictions where same is necessary shall be completed at the expense of the Partnership.

2.02 Name, Head Office and Principal Place of Business

The parties agree that the name of the Partnership shall be Pura Organics Limited Partnership, or such other name as may be designated by the General Partner from time to time and acceptable to the appropriate authorities in the appropriate jurisdictions. The head office and principal place of business of the Partnership shall be located at Niverville, in the Province of Manitoba or such other location as may be designated by the General Partner from time to time. The General Partner shall promptly notify the Limited Partners of any change in the name, head office or principal office of business of the Partnership.

2.03 Term of Partnership

The Partnership shall be deemed to have commenced business as of the date of this Agreement, notwithstanding any delay in registering same as a limited partnership, and shall continue until the happening of any one of the following events:

(a) a Major Partnership Decision to dissolve the Partnership;

(b) the entry of a final judgment, order or decree of a court of competent jurisdiction adjudicating the Partnership to be a bankrupt, and the expiration without appeal of the period, if any, allowed by applicable law in which to appeal therefrom; and

(c) the death, dissolution or legal incompetency of the last remaining Limited Partner.

ARTICLE III - PARTNERSHIP CAPITAL

3.01 Partnership Capital

The Partnership shall initially be entitled to issue and allot up to 2,000,000 Units which shall each be issued for a consideration of \$1.00 per Unit. Except as otherwise expressly provided in this Agreement, each issued and outstanding Unit shall have the same rights and obligations and be equal to all other Units, including the right to receive distribution. Each Limited Partner holding a Unit shall be entitled to:

(a) the right to one vote for each Unit held on all matters to be decided by the Limited Partners (to be exercised as hereinafter set forth);

(b) the right to allocations of net income or net losses and distributions of Distributable Cash and Net Sale Proceeds based on each Limited Partner's Percentage Interest;

(c) the right to share, pro rata based on Percentage Interests, in distributions upon the dissolution of the Partnership; and

(d) the right to purchase from the Partnership up to but not exceeding 100,000 gallons of slurry disposal per year;

and, except as may be herein provided to the contrary, no Unit shall have any preference, priority or right in any circumstances over any other Unit.

The General Partner may raise initial Capital for the Partnership by offering Units for sale in each case pursuant to a Subscription and Power of Attorney and in accordance with the provisions hereof. The following contributions of original capital shall have been made to the Partnership as of the date hereof:

(a) each of the Limited Partners shall have initially subscribed for and purchased that number of Units listed opposite his name in Schedule "A" hereto; and

(b) One Unit shall initially be issued to the General Partner upon and in consideration of it making an Original Capital Contribution of \$1.00;

and the Original Capital Contributions of all of the Limited Partners shall be used only for the purpose of the Partnership Business.

3.02 Additional Capital Contribution

The General Partner may raise additional Capital by issuing additional Units in order to promote, protect, hold or maintain the Partnership Business if the Partners approve the issue of additional Units by Major Partnership Decision. Additional Units may only be issued pursuant to a duly executed Subscription and Power of Attorney, and in accordance herewith. Each of the Limited Partners may subscribe for a pro rata portion of such additional Units being offered according to that Partner's Percentage Interest and may also subscribe on the same basis for other additional Units not subscribed for by the other Limited Partners, provided, however, that if additional capital is still required, additional Units not purchased by existing Partners the General Partner may then offer such additional Units to other individuals who are not Partners in accordance herewith and no consent of the Limited Partners to the admission of a new Limited Partner shall be required.

3.03 No contribution by General Partner

On the issuance of additional Units, the General Partner shall not be required to contribute any additional Capital to maintain its Participating Percentage.

3.04 Capital Account

There shall be established on the books of the Partnership a Capital Account for each Limited Partner to which shall be credited the amount of its Original Capital Contribution, such other Capital contributions as may be made from time to time in accordance with this Agreement, and the amount of any net income allocated to such Limited Partner, and against which there shall be charged the amount of any net loss allocated to such Limited Partner and the amount of any Distributable Cash distributed to such Limited Partner. None of the Limited Partners shall have the right to withdraw or to make any demand for withdrawal of any amount of income or capital from the Partnership or to receive any allocation or distribution from the Partnership except as expressly provided in this Agreement. Except as may be expressly provided in this Agreement, no Limited Partner shall be entitled to any interest on its Capital Account and no Limited Partner shall have the right to demand the return of all or any part of the amount standing to its credit in its Capital Account in the Partnership. No Limited Partner shall have the right to demand property other than cash in return for the commitments or contributions to the Partnership capital of such Partner.

3.05 Waiver of Right of Partition and Dissolution

Having previously been advised that it may have a right to bring an action for partition, each of the Limited Partners does hereby agree to and does hereby

irrevocably waive for the duration of this Agreement any right or power any such Limited Partner might have to cause the Partnership or any of its assets to be partitioned, to cause the appointment of a receiver for the assets of the Partnership, or, except as expressly provided for herein, to compel any sale of all or any portion of the assets of the Partnership pursuant to any applicable law or laws or to file a complaint or to institute any proceeding at law or in equity to cause the termination or dissolution of the Partnership except as expressly provided for herein. Each of the Limited Partners hereby acknowledges and agrees that such Limited Partner has been induced to enter into this Agreement in reliance upon the mutual waivers set forth in this Section 3.05 and without such waivers, no Limited Partner would have entered into this Agreement. No Limited Partner has any interest in specific Partnership property but the interests of all Limited Partners in the Partnership are, for all purposes, personal property.

3.06 Negative Accounts

No Limited Partner shall be required to pay to the Partnership or to any other Limited Partner any deficit or negative balance which may exist from time to time in its Capital Account as a result of the provisions hereof. However, in the event a Limited Partner may have received distributions or made withdrawals in excess of the amount which it should have received or withdrawn based on its Percentage Interest, then, as between the Limited Partners but not for the benefit of other persons, a Limited Partner shall be indebted to the Partnership in an amount equal to distributions to it in excess of its Percentage Interest and such indebtedness shall be repaid out of distributions of Distributable Cash referred to in Article 9 hereof.

3.07 Return of Capital

Subject to the provisions of this Agreement, the General Partner may, at its sole discretion, determine when capital should, in whole or in part, be returned to the Limited Partners. No return of capital shall be made until after such public filings and recordings as are required by law have been made and unless all debts and liabilities of the Partnership (except debts and liabilities to Limited Partners in respect of their Original Capital Contributions) have been paid or there remain in the judgment of the General Partner assets of the Partnership sufficient to pay such debts and liabilities. Any Limited Partner who receives any return of capital pursuant to this Section 3.07 shall be liable to the Partnership for any sum (not in excess of such amount of capital returned) necessary to discharge debts and liabilities of the Partnership to creditors who extended credit or whose claims otherwise arose prior to such return of capital. Every such return of capital shall be deemed to have been consented to by all Limited Partners and shall be made to Limited Partners who are registered as such on a date seven (7) days prior to the date established for such return of capital.

ARTICLE IV - MANAGEMENT OF PARTNERSHIP

4.01 Management of Partnership

The General Partner shall have full power and authority to transact the business of the Partnership and to deal with and in the Partnership assets for the use and benefit of the Partnership. For these purposes the General Partner shall have full, complete power and authority to manage and carry on the Partnership Business and to do any and all acts and things required in connection therewith and incidental thereto and to execute all documents in respect thereof required to be signed by the Partnership. The General Partner shall be in charge of the Partnership, the Partnership Business and assets in all respect and in all matters, and, shall have such power and authority as may be necessary to carry out its rights, duties and obligations as provided in this Agreement. The General Partner shall be obliged to inform the Limited Partners from time to time, and at least quarterly, of the status and profitability of the Partnership's Business.

4.02

(a) Assignment of Rights of General Partner. The General Partner shall not sell, assign, transfer or otherwise dispose of its rights as the general partner of the Partnership except with the prior written approval of the Limited Partners given by unanimous consent, unless such disposition of interest or rights is in connection with and ancillary to a merger or amalgamation of the General Partner with another corporation or corporations or is in connection with and ancillary to a sale of assets or other corporate reorganization which results in the General Partner being the surviving or continuing corporation. The General Partner shall promptly notify the Limited Partners in writing of any change in the effective control of the General Partner, directly or indirectly.

(b) Deemed Withdrawal of General Partner. The General Partner shall be deemed to withdraw as the general partner of the Partnership in the event of the bankruptcy, dissolution, liquidation or winding-up of the General Partner (or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner) or by the insolvency of the General Partner or by the appointment of a trustee, receiver or receiver and manager of the affairs of the General Partner or if a mortgagee or other encumbrancer shall take possession of the property or assets of the General Partner or a substantial part thereof or if a levy or execution or any similar process shall be levied or enforced against the property or assets of the General Partner. The General Partner shall forthwith advise the Limited Partners by written notice of the occurrence of any event referred to in this Sub-section 4.02(b).

(c) Effective Date of Deemed Withdrawal of General Partner. In the event of the deemed withdrawal of the General Partner as general partner of the Partnership by virtue of the provisions of Sub-section 4.02(b) hereof, the effective date of such deemed withdrawal and the date on which the General Partner shall cease to be the general partner of the Partnership shall be the earlier of the appointment of a new general partner of the Partnership by the Limited Partners by unanimous consent or the expiration of ninety (90) days from the date of the giving of the notice of the occurrence of an event referred to in Sub-section 4.02(b) hereof.

4.03 Removal of General Partner

The General Partner may be removed as the general partner of the Partnership at any time by Major Partnership Decision if:

(a) the General Partner shall have been guilty of gross negligence or willful misconduct; or

(b) the General Partner shall be in default of any of its material obligations under this Agreement and such default has not been remedied within ninety (90) days or such longer period of time as shall be required and as may be reasonable, having regard to the nature of such default, after the General Partner has been notified in writing of such default by Limited Partners holding an aggregate number of Units of not less than 25% of the Units outstanding at such time;

provided that any such Major Partnership Decision must also by its provisions appoint a new general partner of the Partnership and the removal of the General Partner shall be effective upon the passing of such Major Partnership Decision.

4.04 Specific Power and Authority of the General Partner.

Without limiting the generality of Section 4.01 hereof, the power and authority of the General Partner to make all decisions with respect to the business and affairs of the Partnership and to take such action for and on behalf of the Partnership as it may deem necessary or appropriate to enable the Partnership to carry out its purposes as set forth herein, shall include, without limitation (except as may be limited by any Major Partnership Decision) full and complete power and authority:

(a) to execute any and all documents on behalf of the Partnership, including but not limited to, agreements, leases, deeds, mortgages, notes, bonds, assignments, stock powers and other forms of contracts and all amendments, modifications or rescissions of the same;

(b) to make Ordinary Course Borrowings for and on behalf of the Partnership for its operating purposes, upon such terms and conditions as it, in its sole discretion, may deem necessary or appropriate;

(c) in order to secure any loans to the Partnership for Partnership purposes, to convey, mortgage, pledge and hypothecate, for and on behalf of the Partnership and upon such terms and conditions as it, in its sole discretion, deems necessary or appropriate, all or any part of the Partnership's assets;

(d) to execute and to deliver for and on behalf of the Partnership any promissory notes, deeds of trust, mortgages, security agreements, financing statements, assignments of leases, "master leases", "convenience leases", or other instruments required or advisable in connection with any such loans, conveyances, pledges or hypothecations;

(e) to collect all rentals and all other income accruing to the Partnership and to pay all acquisition and development costs and expenses of operation, whether capital or otherwise;

(f) to prepare, or have prepared, and file all tax returns for the Partnership (but not the tax returns or other reporting of the individual Partners, or of their respective heirs, representatives, executors or assigns, in their individual capacities) and make all appropriate tax elections for the Partnership, including any special basis adjustments which may be appropriate or desirable under applicable laws pertaining to taxation on the income of the Partnership, provided, however, that the Limited Partner benefitting from such election, if any, shall reimburse the Partnership for any additional costs incurred by the Partnership in making the election for and on behalf of the Partnership;

(g) to institute, prosecute, defend and settle any legal, arbitration or administrative actions or proceedings on behalf of or against the Partnership;

(h) to maintain and operate the assets of the Partnership or any part or parts thereof;

(i) to employ, terminate the employment of, supervise and compensate such persons, firms or corporations (including legal counsel and accountants or auditors) for and in connection with the Partnership Business and the acquisition, development, improvements, operation, refinancing, sale, exchange or other disposition of any assets of the Partnership or any interest in any of such assets as the General Partner, in its sole discretion, may deem necessary or desirable;

(j) to pay any debts and other obligations of the Partnership, including amounts due under permanent financing of improvements and other loans to the Partnership and costs of operation and maintenance of the assets of the Partnership;

(k) to pay all taxes, assessments, rents and other impositions applicable to the assets of the Partnership and undertake when appropriate any action or proceeding seeking to reduce such taxes, assessments, rents or other impositions;

(l) to deposit all monies received by the General Partner for or on behalf of the Partnership as may be designated by the General Partner and to disburse and pay all funds on deposit on behalf of the Partnership in such amounts and at such times as the same are required in connection with the ownership, maintenance and operation of the assets of the Partnership;

(m) to hold the registered title to the assets of the Partnership in its name or the name under which it carries on the Partnership Business, for the use and benefit of and in trust for the Partnership;

(n) to perform other obligations provided elsewhere in this Agreement to be performed by the General Partner; and

(o) to do any thing (including the investment of Partnership funds) that is in furtherance of or is incidental to the Partnership Business or any obligations of the General Partner provided for in this Agreement.

4.05 Evidence of Authority

The signed statement of the General Partner, reciting that it has authority to undertake any act or has the necessary or consents of the Limited Partners to take any such act, when delivered to any third party, shall be sufficient evidence that any such third party shall require concerning the capacity of such General Partner, and any such third party shall be entitled to rely upon such statement and shall not be required to inquire further as to any of the facts contained in such statement, said facts being deemed to be true insofar as such third party is concerned. The General Partner, by its signature alone, may sign any instrument and bind the Partnership and the Partnership property just as though all of the Limited Partners had also signed.

4.06 Limitations on Powers and Authority of General Partner

Notwithstanding the powers of the General Partner set forth in this Agreement, the General Partner shall not have the right or power, without the prior unanimous written consent of the Limited Partners, to do any of the following:

- (a) do any act in contravention of this Agreement;
- (b) do any act which would make it impossible to carry on the Partnership Business;
- (c) make any loans of Partnership funds to any person, firm or entity other than loans for Partnership purposes, or as expressly provided in this Agreement;
- (d) encumber assets of the Partnership as security for, or otherwise guarantee the repayment of, the indebtedness of persons, firms or entities other than the Partnership, except for Partnership purposes; and
- (e) consent to or cause a judgment against the Partnership.

Each Partner agrees to execute such instruments as may reasonably be determined by the solicitors for the Partnership to be necessary or desirable to evidence the authority of the General Partner to consummate the sale, loan, exchange or other transfer of all or substantially all of the assets of the Partnership on behalf of the Partnership, as contemplated by this Agreement.

4.07 Representations and Warranties of General Partner

The General Partner represents and warrants to the Limited Partner that during the term of the Partnership the General Partner:

- (a) is and will continue to be a corporation duly existing and in good standing under *The Corporations Act* of Manitoba;
- (b) is and will continue to be duly registered and qualified to carry on business and has and will continue to have all requisite authority, licenses and permits to carry on the Partnership Business in the Province of Manitoba;
- (c) has and will continue to have the capacity and corporate authority to act as the general partner of the Partnership and the performance of its obligations hereunder as general partner does not and will not conflict with or be in

breach of its constating documents, by-laws or any agreement to which it is or will be a party or by which it is or will be bound or any law or regulation applicable to it;

(d) will maintain its corporate existence as long as it is the general partner of the Partnership;

(e) will carry out its powers and authorities hereunder and will manage and operate the Partnership and the undertaking and assets thereof in a reasonable and prudent manner; and

(f) will devote as much time to the conduct of the business and affairs of the Partnership as is reasonably required for the prudent management of the business and affairs of the Partnership.

4.08 Specific Duties

Without limiting any other duties or responsibilities imposed upon the General Partner in this Agreement or usually performed by a general partner, the General Partner shall perform, or cause to be performed, the following specific services:

(a) engage a Manager to provide the overall management, financial and business supervision of the Partnership Business for the Partnership;

(b) establish books of account, records and payment procedures including the Capital Accounts as hereinbefore referred to;

(c) provide bookkeeping and other related services to the Partnership;

(d) make distributions of Distributable Cash and Net Sale Proceeds in accordance with this Agreement;

(e) receive all funds paid to the Partnership and make all necessary payments and expenditures required to cause the Partnership to discharge its obligations in accordance with the terms thereof;

(f) make all reports to Limited Partners as required by this Agreement or by law; and

(g) perform all duties imposed by this Agreement on the General Partner in a prompt and diligent manner.

4.09 Compensation of Partners

No Limited Partner shall receive any compensation from the Partnership (except for services which may be rendered by one of the Limited Partners in a capacity other than as a Limited Partner) without the prior written consent of all Limited Partners to the payment of such compensation by the Partnership.

4.10 Reimbursement of General Partner

The General Partner shall be reimbursed by the Partnership for all costs and expenses incurred by the General Partner in conducting the Partnership Business including administrative and overhead expenses and the cost of such professional technical, administrative and other services and advice as the General Partner shall consider necessary.

4.11 Management Fees of General Partner

Notwithstanding Section 4.10 above, the General Partner shall be entitled to receive as compensation a management fee for services performed which is equal to 3% of the Gross Sales of the Partnership during each fiscal year of the Partnership, to be payable monthly based on the previous month's Gross Sales and subject to a year end adjustment.

4.12 Bank Accounts

The cash funds of the Partnership shall be deposited in bank accounts, in the name of the General Partner which shall carry on business under the trade name of Pura Organics, but in trust for the Partnership, at such Canadian chartered banks or credit unions as the General Partner shall determine. Disbursements therefrom shall be made by the General Partner in conformity with this Agreement. The funds of the Partnership shall not be co-mingled with the funds of any other person.

4.13 Insurance

The General Partner shall ensure that the Partnership shall at all times maintain comprehensive insurance coverage, including fire and third party property and personal liability in such amounts as may be determined by the General Partner for the protection of the Partnership and its assets.

4.14 Partnership Loans

Without limiting the generality of the powers conferred upon the General Partner in this Agreement, the General Partner shall have the power to borrow money for

and on behalf of the Partnership for operating purposes, upon such terms and conditions as it, in its sole discretion may deem necessary or appropriate, and in order to secure any such loans to the Partnership for Partnership purposes, to convey, mortgage, pledge and hypothecate, for and on behalf on the Partnership and upon such terms and conditions as it, in its sole discretion, deems necessary or appropriate, all or any part of the Partnership's assets; and for that purpose to execute and deliver for and on behalf of the Partnership any promissory notes, deeds of trust, mortgages, security agreements, financing statements, or other instruments required or advisable in connection with any such loans, conveyances, pledges or hypothecations.

ARTICLE V - LIABILITY AND INDEMNIFICATION

5.01 Unlimited Liability of the General Partner

The General Partner shall be liable for the debts, liabilities and obligations of the Partnership to the extent required by the Act, provided that none of the officers, directors or employees of the General Partner shall be liable, responsible or accountable in damages or otherwise to the Partnership or any Limited Partner for any action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner and its officers, directors or employees by this Agreement or by law unless such action or omission was performed or omitted fraudulently or in bad faith or constituted wanton and wilful misconduct or negligence.

5.02 Liability of Limited Partners

Except as may be otherwise herein expressly provided, the Limited Partners shall not be liable or accountable, in damages or otherwise, to the Partnership or to any other Limited Partner for any error of judgment or for any mistake of fact or law for anything which it may do to refrain from doing hereafter in connection with the business and affairs of the Partnership except in the case of willful misconduct or gross negligence. No Limited Partner shall have any personal liability for the return of another Limited Partner's capital.

5.03 Indemnification of General Partner

(a) The General Partner and its directors, officers, agents and employees shall be indemnified and held harmless out of the assets of the Partnership from any loss, liability or damage incurred or suffered by the General Partner or its directors, officers, agents or employees by reason of any act performed or omitted to be performed by them in connection with the business and affairs of the Partnership (other than a breach of this Agreement or negligence), including legal fees incurred by them in connection with the defense of any claim or action based on any such act or

omission, which legal fees may be paid as incurred, except to the extent that indemnification is prohibited by law. All judgments or other assessments against which the General Partner or its directors, officers, agents or employees are entitled to indemnification, shall be first satisfied from Partnership assets before the General Partner shall be required to satisfy such liability or obligation. The indemnification contained in this section shall be recoverable only out of Partnership assets and not from the Limited Partners. Any indemnification required herein to be made by the Partnership shall be made promptly following the fixing of the loss, liability or damage incurred or suffered by a final judgment of any court, settlement, contract or otherwise.

(b) The General Partner and its directors, officers, agents and employees:

(i) shall be entitled to the indemnification provided for under Sub-section 5.02(a); and

(ii) shall not be liable to the Partnership for any loss, liability or damage suffered or incurred by the Partnership, directly or indirectly, in connection with any activity;

if the General Partner or such officer, director, agent or employee was acting in good faith, such course of conduct was in the best interests of the Partnership and such course of conduct did not constitute fraud, negligence, misconduct or breach of any term or provision of this Agreement.

(c) The Partnership hereby indemnifies and saves the General Partner harmless from any loss, liability or damage, including legal fees, incurred or suffered by the General Partner as a result of any claim or claims for which the General Partner is liable as such for any Partnership obligation which the Partnership is unable to pay. If at any time, the Partnership has insufficient funds to furnish indemnification as herein provided, it shall provide such indemnification if, as and when, it generates sufficient funds and prior to the making of any further distribution of Distributable Cash to the Limited Partners.

5.04 Indemnification of the Limited Partners

The General Partner shall indemnify and hold harmless each Limited Partner from any costs, damages, liabilities or expenses suffered or incurred by such Limited Partner as a result of the liability of such Limited Partner not being limited in the manner provided in Section 13.1 hereof, unless the liability of such Limited Partner is not so limited as a result of or arising out of any act or omission of such Limited Partner.

5.05 Indemnification of the Partnership

The General Partner shall indemnify and hold harmless the Partnership from any costs, damages, liabilities or expenses suffered or incurred by the Partnership as a result of or arising out of any act, omission or error in judgement as a result of which the General Partner is adjudged to be in contravention or breach of any term of this Agreement.

5.06 Other Activities of Partners and Agreements with Related Parties

(a) Each Limited Partner, in its individual capacity or otherwise, shall be free to engage in, to conduct, or to participate in any business or activity whatsoever, without accountability, liability or obligation whatsoever to the Partnership or to any other Limited Partner, even if such business or activity competes with or is enhanced by the business of the Partnership.

(b) The General Partner, in the exercise of its power and authority under this Agreement, may contract and otherwise deal with or otherwise obligate the Partnership to entities in which any one or more of the Limited Partners may have an ownership or other financial interest.

ARTICLE VI - POWER OF ATTORNEY

6.01 Subscription and Power of Attorney

In subscribing for Units, each Partner shall execute a Subscription and Power of Attorney in the form attached as Schedule "B" hereto. Each of the Limited Partners hereby irrevocably constitutes and appoints the General Partner its true and lawful attorney in its name, place and stead, to make, execute, consent to, swear to, acknowledge, deliver, record and file:

(a) this Agreement and any amendments or counterparts hereto;

(b) all instruments which the General Partner deems appropriate to reflect any amendment, change or modification to the Partnership or to this Agreement in accordance with the terms hereof;

(c) all certificates and instruments and amendments thereto which the General Partner deems appropriate or necessary to conform, qualify or continue the qualification of the Partnership in or otherwise to comply with the laws of

the Province of Manitoba and such other jurisdictions as the General Partner reasonably deems necessary;

(d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to reflect the dissolution and termination of the Partnership pursuant to the terms hereof;

(e) execute and deliver transfer forms and such other documents on behalf of and in the name of the Partnership as may be necessary to effect the sale of Units of a Limited Partner in default, in accordance with this Agreement; and

(f) any and all other certificates and instruments which may be required to be filed by the Partnership under the laws of Canada, Province of Manitoba and any other jurisdiction to which the Partnership is subject.

6.02 Irrevocable Power of Attorney

The foregoing power of attorney is, and is hereby declared by the Limited Partners to be, an irrevocable power coupled with a duty and interest which shall survive the death, disability, incapacity, insanity or insolvency of a Limited Partner and any assignment by a Limited Partner of all or a part of any interest in the Partnership, and shall extend to the heirs, executors, administrators, successors and assigns of each Limited Partner.

6.03 Acceptance of Power of Attorney

The General Partner hereby accepts (and any new general partner of the Partnership upon becoming the general partner shall be deemed to have accepted) the above power of attorney hereby conferred upon it and undertakes (or shall be deemed to have undertaken) to execute its duties thereunder in a prompt and diligent manner.

ARTICLE VII - ACCOUNTING

7.01 Fiscal Year

The fiscal year of the Partnership shall be each consecutive period of twelve months ending on the 30th day of September.

7.02 Books of Account

The Partnership books of account shall be maintained at the head office of the Partnership or at such other locations and by such person or persons as may be designated by the General Partner and permitted by any applicable law. Each Limited

Partners shall have, during reasonable business hours and upon reasonable notice, access to the books of the Partnership and in addition, at its expense, shall have the right to copy such books and to require, at any time, an audit of the Partnership's books of account. The General Partner, at the expense of the Partnership, shall cause to be prepared, and distributed to the Limited Partners, the following:

- (a) an annual budget for the Partnership;
- (b) quarterly income and expense reports;
- (c) within 120 days of the end of each fiscal year of the Partnership, annual financial statements, including a balance sheet, statement of income, statement of changes in financial position and statement of changes in capital as of the close of the Partnership's fiscal year, with comparative financial statements for the immediately preceding fiscal year;
- (d) the annual income tax returns of the Partnership;
- (e) a report on the allocations and distributions made by the Partnership during such fiscal year pursuant to the terms of this Agreement; and
- (f) such other information as is necessary to enable each Partner to file income tax returns with respect to such Partner's income from the Partnership in respect of such fiscal year.

7.03 Method of Accounting

The Partnership books of account shall be maintained and its net income and net loss computed in accordance with generally accepted principles consistently applied from year to year. However, the General Partner shall have the right, for income tax purposes to adopt any different method of accounting, to adopt different treatment of particular items and to make and revoke such elections on behalf of the Partnership and the Limited Partners under the Income Tax Act (Canada) as the General Partner may deem appropriate and in the best interests of the Limited Partners, not inconsistent with this Agreement.

7.04 Appointment of Accountants

The General Partner shall, on behalf of the Partnership, retain Accountants to review and report on the financial statements of the Partnership as at the end of each fiscal year of the Partnership. No auditor shall be appointed on behalf of the Partnership

unless the General Partner is directed to do so pursuant to the passing of a Major Partnership Decision in respect thereof.

ARTICLE VIII - ALLOCATION OF NET INCOME AND NET LOSS

8.01 Allocation of Net Income and Net Loss

Net income and net losses of the Partnership for each fiscal year of the Partnership shall be allocated among the Partners on the basis of their respective Percentage Interests. For the purposes hereof, net income and net loss shall be determined according to generally accepted accounting principles consistently applied from year to year, provided however for greater certainty, that management fees payable in accordance with Section 4.11 shall be treated as expenses in the calculation of net income or net loss. In computing the net income or net loss of the Partnership in any fiscal year, the General Partner shall be entitled to make provisions for adequate reserves as normally provided for under generally accepted accounting principles.

ARTICLE IX - DISTRIBUTION TO PARTNERS

9.01 Distributions of Distributable Cash

The Partnership shall distribute all Distributable Cash on a quarterly basis, with an adjustment to be made within ninety (90) days of the end of each fiscal year, among the Partners according to the respective Percentage Interests specified in accordance with the allocations set out in Section 8.01 above.

9.02 Determination and Allocation of Taxable Income and Loss

The General Partner shall determine the Partnership's taxable income or taxable loss in each fiscal year after claiming the maximum capital cost allowance for that fiscal year which is permitted under the Income Tax Act (Canada). Taxable income and losses shall be allocated in respect of each fiscal year of the Partnership in the same manner and on the same basis as the allocation of net income or net loss hereunder.

ARTICLE X - ISSUE AND TRANSFER OF UNITS

10.01 Issue of Units

Except as otherwise provided in this Agreement, no action or consent of the Limited Partners shall be required for the admission at any time or from time to time of any person, firm, corporation or other entity as a Limited Partner upon the due subscription and purchase of a Unit(s) by such person, provided that such person shall

have executed and delivered all documentation prescribed hereunder or by the General Partner in accordance herewith.

10.02 Assignment of Units

Each of the Limited Partners hereby covenants and agrees that, except as may be expressly permitted by this Agreement it will not sell, assign, transfer, mortgage, pledge, encumber, hypothecate or otherwise dispose of all or any part of its record or beneficial interest in the Partnership or the Partnership property to any firm, person, corporation or other entity without the consent in writing of Limited Partners holding in the aggregate not less than 75% of the outstanding Units in the Partnership, and without having complied with this Agreement. The assignment of fractions of Units is prohibited. Subject to paragraph 10.05 and the consent aforesaid, the Limited Partners may assign their respective Unit(s) to any person who:

(a) has executed and delivered to the General Partner a declaration in acceptable form confirming the status of such person;

(b) has executed and delivered to the General Partner an assignment in the form prescribed by the General Partner in accordance with this Agreement, duly completed in a manner acceptable to the General Partner (with the execution thereof guaranteed in a manner acceptable to the General Partner);

(c) has agreed in writing to be bound by the terms of this Agreement and to assume the obligations of a Limited Partner hereunder;

(d) has delivered or caused to be delivered to the General Partner the Unit certificate(s) and/or deposit receipt of the assignor; and

(e) has paid the transfer fee, if any, prescribed from time to time by the Partnership.

No Limited Partner shall be bound to recognize any purchaser or transferee or assignee of any Units in the Partnership unless the transfer or assignment thereof shall be made in accordance with all of the above provisions of this Agreement and accepted as such by the General Partner.

10.03 Registered Holders of Units

No Unit may be subscribed for by or registered in the name of:

(a) a person who is not an individual, corporation, body corporate, partnership or trustee, executor, administrator or other legal representative; or

(b) a person who is a non-resident of Canada within the meaning of the Income Tax Act (Canada);

unless any such requirement is waived by the General Partner in the event of the death, dissolution or disability of a Limited Partner. Only one person or entity shall be recorded on the Register and on the Unit certificate in respect of each Unit.

10.04 Unit Register

Upon the acceptance by the General Partner of a subscription for a Unit and payment and execution of the Subscription and Power of Attorney in respect thereof, the General Partner shall cause the subscriber and his address to be entered as a Limited Partner on the Register. The Unit certificates shall be held in escrow by the General Partner or an appointed Registrar as security for the obligations of those Limited Partners who do not pay cash in full for their Unit(s), and upon written request any such Limited Partners may receive a deposit receipt in respect of such Unit certificates and the consideration paid to that point.

10.05 First Refusal

In the event that a Limited Partner (the "*Notifier*") shall receive a *bona fide* offer (the "*Third Party Offer*") from an arm's length third party (the "*Third Party*") for all but not less than all of the Notifier's interest in the Partnership (the "*Interest*"), the Notifier shall not accept such Third Party Offer without first giving written notice (the "*Refusal Offer*") to the other Limited Partners (the "*Offerees*") offering to sell the Interest to the Offerees on the same terms and conditions *mutatis mutandis* as contained in the Third Party Offer, a true copy of which shall be annexed to the Refusal Offer, or shall only accept such Third Party Offer subject to the rights of the other Limited Partners as herein provided.

The Offerees shall have 15 days (the "*Refusal Period*") from the receipt of the Refusal Offer to agree to purchase the Interest. If more than one of the Offerees agrees to purchase the Interest, then each shall be entitled to purchase in proportion to his number of Units. Closing of the purchase and sale shall take place on the later to occur of 15 days following the expiry of the Refusal Period and the date provided in the Third Party Offer, in accordance with the provisions of the Third Party Offer, *mutatis mutandis*.

If none of the Offerees agree to purchase all of the Interest within the Refusal Period, then all of the Offerees shall be deemed to have rejected the offer contained in the Refusal Offer and the Notifier shall have the right to conclude the sale of the Interest to the Third Party within the later of the date for closing set forth in the Third Party Offer and 90 days

following the expiry of the Refusal Period (the "*Closing Period*"), subject however to the following conditions:

- (a) title to or interest in the Interest shall not pass until the Third Party and Notifier comply with paragraph 10.02; and
- (b) if either:
 - (i) the sale to the Third Party shall not close within the Closing Period; or
 - (ii) the terms and/or conditions contained in the Third Party Offer are amended or the Notifier is prepared to accept amendment, in writing or otherwise, to provide terms or conditions more favorable to the Third Party than contained in the Refusal Offer;

then the Notifier shall not sell the Interest without first offering it again to the Offerees in accordance with this paragraph, and so on from time to time.

10.06 Cancellation of Units

At the request of a Limited Partner, subject to the approval of the General Partner, a Limited Partner's Units may be purchased by the Partnership for cancellation upon payment of an amount not exceeding the subscription price for such Units.

ARTICLE XI - DEFAULT

11.02 Purchase of Defaulting Limited Partner's Interest

Except as otherwise provided in this Agreement, in the event a Limited Partner shall be in default under any provision of this Agreement for a period of thirty (30) days after being notified in writing by the General Partner of being in default, the non-defaulting Limited Partner(s) may within thirty (30) days thereafter by written notice to the defaulting Limited Partner purchase, in proportion to the Percentage Interests of the non-defaulting Limited Partners or in such proportion as may be mutually agreed among them, the defaulting Limited Partner's Percentage Interest (but not less than all of its Percentage Interest), in which case the defaulting Limited Partner shall sell its Percentage Interest to the non-defaulting Limited Partners, at a price equal to the then total Capital contributions to the Partnership of the defaulting Limited Partner less twenty (20%) percent of the value thereof and upon such notice being given by all non-defaulting Limited Partners all necessary instruments to effect the purchase and sale shall be executed and delivered.

11.02 Deemed Default

Any one or more of the following acts or omissions shall be deemed a default by a Limited Partner under this Agreement:

(a) attempted dissolution of the Partnership by such Limited Partner, unless the same is pursuant to, or is not inconsistent with, the provisions contained in this Agreement;

(b) attempted partitioning of the assets of the Partnership by such Limited Partner;

(c) the commencement of proceedings in bankruptcy or reorganization under any bankruptcy or insolvency laws against or by such Limited Partner, which shall not have been vacated within sixty (60) days;

(d) such Limited Partner making any assignment for the benefit of creditors or confessing judgment against its Partnership interest;

(e) such Limited Partner's failure to perform any material obligation or act required hereunder, which shall be necessary for carrying out the purposes of the Partnership; and

(f) such Limited Partner's material violation or breach of any of the terms or provisions of this Agreement including, without limitation, any assignment or transfer of any Partnership Unit in violation of this Agreement.

11.03 Notice of Default

The General Partner shall promptly give each Limited Partner notice of any default under this Agreement by any Limited Partner.

ARTICLE XII - LIQUIDATION AND DISSOLUTION OF PARTNERSHIP

12.01 Liquidation or Dissolution of Partnership

Upon the happening of any of the events specified in Section 2.03 hereof, the General Partner shall immediately commence to wind up the Partnership's affairs and shall liquidate the assets of the Partnership as promptly as possible, unless the General Partner shall determine that an immediate sale of the Partnership assets would cause undue loss to the Partnership in which event (i) the liquidation may be deferred for a reasonable time and/or (ii) all or part of the Partnership assets may be distributed in kind. The Limited Partners shall continue to share in net income, net losses and Distributable

Cash during the period of liquidation in the same proportions as before dissolution. The proceeds from liquidation of the Partnership, including repayment of any debts of Limited Partners to the Partnership, shall be applied in the order of priority as follows:

(a) to payment of the expenses of liquidation of the Partnership;

(b) to payment of debts of the Partnership;

(c) to the establishment of any reserves reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership. Such reserves established hereunder shall be held for the purpose of paying any such contingent or unforeseen liability or obligations and, at the expiration of such period as the General Partner reasonably deems advisable, of distributing the balance of such reserves in the manner provided hereinafter in this section; and

(d) the balance, if any, shall be divided among the Partners in accordance with their respective Percentage Interests.

ARTICLE XIII - LIABILITY AND AUTHORITY OF LIMITED PARTNERS

13.01 Limitations on Authority and Liability of Limited Partners

Except as expressly limited in this Agreement, the General Partner has the continuing and exclusive authority to make the management decisions necessary to conduct the Partnership Business. Except as expressly provided in this Agreement, no Limited Partner shall take part in the control or the management of the Partnership Business and no Limited Partner shall have, or purport to have, the power or authority to execute documents which bind the Partnership or any other Limited Partner or undertake obligations on behalf of the Partnership or in any way bind the Partnership or any other Limited Partnership as such. Subject to the provisions of the Act and this Agreement, the liability of the Limited Partners for the debts, liabilities and obligations of the Partnership shall be limited to the amount contributed by such Limited Partners to the capital of the Partnership and a Limited Partner shall not, subject to the provisions of this Agreement, be further liable for any of the debts of, or for any further claims, assessments or contributions to the Partnership.

ARTICLE XIV - MISCELLANEOUS PROVISIONS

14.01 Notices

Any notice to be given under this Agreement shall be in writing and shall be delivered, mailed by prepaid mail or sent by telex, telegram or telecopy addressed:

To the Limited Partners at the addresses listed in the Register.

To the General Partner at: Pura Organics, P.O. Box 460, Niverville, Manitoba, R0A 1E0

All such notices shall:

- (a) if delivered, be deemed to have been received upon receipt;
- (b) if transmitted by telex, telegram or telecopy, be deemed to have been given on the next business day following the day they were sent; and
- (c) if mailed, be deemed to have been given on the fifth business day following the date they were mailed.

In the event of disruption of normal postal service, notice shall be made by delivery, telex, telegram or telecopy only.

14.02 Modifications

No changes or modifications of this Agreement shall be valid or binding upon any part hereto, nor shall any waiver of any term or condition hereof be binding upon any party hereto, unless such change or modification or waiver shall be in writing and signed by all of the parties hereto, except as provided to the contrary in this Agreement.

14.03 Binding Effect

This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective legal representatives, heirs, administrators, successors and permitted assigns.

14.04 Governing Law

This Agreement shall be interpreted according to and shall be governed by the laws of the Province of Manitoba. Should any dispute arise in connection with this Agreement, including, but without restricting the generality of the foregoing, any

question in respect of the interpretation, validity, termination or non-termination of this Agreement, the parties agree to submit to the exclusive jurisdiction of the courts of the Province of Manitoba.

14.05 Other Instruments

The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the Partnership created by this Agreement and the transactions contemplated hereby.

14.06 Legal Construction

In case any one or more of the provisions contained in this Agreement shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. Furthermore, in lieu of each such invalid, illegal or unenforceable provisions, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such invalid, illegal or unenforceable provision as may be possible and be valid, legal and enforceable.

14.07 Gender

Wherever the context shall so require, all words herein in any gender shall be deemed to include the masculine, feminine or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

14.08 Entire Agreement

This Agreement supersedes any prior understanding or written or oral agreements between the parties hereto respecting the within subject matter, and this Agreement contains the entire understanding and agreement between the parties with respect to the said subject matter.

14.09 Time

Time shall be of the essence of this Agreement.


14.10 Currency

All amounts referred to in this Agreement and all references to "dollars" shall be deemed to be and to refer to Canadian dollars.

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

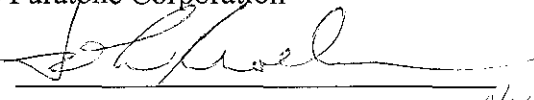
3898220 MANITOBA Ltd.

Per:


DF

The Puratone Corporation

Per:


JKA

SCHEDULE "A"

LIST OF LIMITED PARTNERS

Name and Address

Number of Units

NAME

NUMBER OF UNITS

The Puratone Corporation

1

SCHEDULE "B"

SUBSCRIPTION AND POWER OF ATTORNEY

TO: PURA ORGANICS LIMITED PARTNERSHIP
(the "*Limited Partnership*")

1. The undersigned hereby subscribes for 1 Unit (the "*Units*") in the Limited Partnership on the terms and conditions as set forth in the Limited Partnership Agreement dated September 18, 1998 (the "*Limited Partnership Agreement*") receipt of a copy of which is hereby acknowledged.

2. The undersigned shall satisfy the subscription price of \$1.00 per Unit (the "*Subscription Price*") by payment in full by cash, certified cheque payable to the Limited Partnership in trust or promissory note, in form and at an interest rate acceptable to the Limited Partnership, made payable to the Limited Partnership and delivered herewith.

3. The undersigned hereby acknowledges that participation in the Limited Partnership is subject to acceptance of this Subscription Form by 3898220 MANITOBA Ltd. (the "*General Partner*"), as general partner on behalf of the Limited Partnership.

4. This Subscription is made on the condition that the enclosed monies, together with any interest actually earned thereon, shall be held in trust and returned to the undersigned at the address indicated, if this Subscription is not accepted by the General Partner on behalf of the Limited Partnership.

5. In consideration of the General Partner, on behalf of the Limited Partnership, accepting this Subscription and conditional thereon:

(a) the undersigned agrees to be bound as a party to and as a Limited Partner in the Limited Partnership, by the terms of the Limited Partnership Agreement, as from time to time amended and in effect, and the undersigned expressly ratifies and confirms the Power of Attorney given the General Partner therein; and

(b) the undersigned hereby irrevocably makes, constitutes and appoints the General Partner with full power of substitution, as his true and lawful attorney and agent, with full power and authority in his name, place and stead and for his use and benefit, to execute, swear to, acknowledge, deliver, file and record on his behalf in the appropriate public offices and publish all the following:

(a) the Limited Partnership Agreement and any amendments or counterparts thereto;

(b) any instrument which the General Partner deems appropriate to reflect any amendment, change or modifications to the Limited Partnership or to the Limited Partnership Agreement in accordance with the terms thereof;

(c) all certificates and instruments and amendments thereto which the General Partner deems appropriate or necessary to conform, qualify or continue the qualification of the Limited Partnership in or otherwise comply with the laws of the Province of Manitoba and such other jurisdictions as the General Partner reasonably deems necessary;

(d) all conveyances, agreements, and instructions which the General Partner deems appropriate or necessary to reflect the dissolution and termination of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement or to reflect the conversion of Units into shareholdings in the General Partner;

(e) all transfer forms and such other documents on behalf of and in the name of the Limited Partnership as may be necessary to effect the sale of Units of a Limited Partner in default, in accordance with the Limited Partnership Agreement;

(f) any and all other certificates and instruments which may be required to be filed by the Limited Partnership under the laws of Canada, the Province of Manitoba and any other jurisdiction to which the Limited Partnership is subject; and

(g) any such documents on behalf of and in the name of the Limited Partnership and for the Limited Partnership as may be deemed necessary by the General Partner to give effect to the terms of the Limited Partnership Agreement.

The Power of Attorney hereby granted shall be deemed to be irrevocable and coupled with an interest and shall survive the death, disability, incapacity, insanity and insolvency of the undersigned and shall extend to and be binding upon the heirs, executors, administrators, legal personal representative, successors and assigns of the undersigned.

6. The undersigned hereby declares that the undersigned:

(a) is resident in Canada within the meaning of the *Income Tax Act* (Canada);

(b) is not a non-Canadian person within the meaning of the *Investment Canada Act*;

(c) if an individual has attained the age of majority; and

(d) if a corporation, partnership, unincorporated association or other entity, is legally competent to execute this Subscription and Power of Attorney, to take all actions required pursuant hereto, and all necessary approvals of directors, shareholders, partners, members or otherwise have been given.

7. The undersigned also acknowledges that the transfer or assignment of Units is restricted to those persons the General Partner deems in its absolute discretion to be suitable and creditworthy to continue as Limited Partners in the place and stead of any other Limited Partner and that certain tax matters require completion before he will be entitled to receive the full proceeds of disposition as described in the transfer form.

8. The words, phrases and expressions used herein shall have the same meanings as ascribed to them in the Limited Partnership Agreement, except as otherwise set forth herein.

DATED at Winnipeg, in the Province of Manitoba, this 18th day of September, 1998.

THE PURATONE CORPORATION

PER: _____

This Subscription is hereby accepted by PURA ORGANICS LIMITED PARTNERSHIP on the 18th day of September, 1998.

PURA ORGANICS LIMITED PARTNERSHIP by its General Partner, 3898220
MANITOBA Ltd.

Per: _____

UNIT CERTIFICATE

PURA ORGANICS LIMITED PARTNERSHIP

(a limited partnership formed under the laws of the Province of Manitoba)

No. _____ Unit

The interest in the Partnership of the Limited Partners is divided into 30 Units with a subscription price of \$1.00 per Unit.

THIS IS TO CERTIFY that _____ is the owner of _____ Units in the PURA ORGANICS LIMITED PARTNERSHIP.

This Certificate and the Units represents hereby are held subject to the conditions, and restrictions, contained in the Limited Partnership Agreement dated as of the _____ day of September, 1998 (and as amended from time to time) as made and entered into among 3898220 MANITOBA Ltd., as General Partner, and such parties as shall be Limited Partners in the PURA ORGANICS LIMITED PARTNERSHIP from time to time.

Dated this _____ day of _____, 1998.

**PURA ORGANICS LIMITE
PARTNERSHIP, by its Genera
Partner, 3898220 MANITOB
Ltd.**

Per: _____

TRANSFER FORM

PURA ORGANICS LIMITED PARTNERSHIP
(the "Limited Partnership")

To: _____
(the "Transferor")

1. The undersigned hereby offers to purchase _____ units (the "Units") in the Limited Partnership from the Transferor.

2. The undersigned shall satisfy the purchase price of \$_____.00 per Unit by payment of \$_____ (the "Purchase Price") by certified cheque attached hereto payable to the Transferor, and by execution of the Assignment Form attached hereto.

3. The undersigned hereby acknowledges that participation in the Limited Partnership is subject to acceptance of this transfer by 3898220 MANITOBA Ltd., as general partner (the "General Partner") of the Limited Partnership in its absolute discretion, which includes the ability of the General Partner to enquire bank references and to do a credit check. Notification of acceptance or rejection shall be given not later than ten (10) days of receipt of the Transfer Form unless credit information is requested by the General Partner; in the event that the General Partner requests credit information, notification of acceptance or rejection will be given within ten (10) days after all credit information requested is delivered to the General Partner.

4. This purchase is made on the condition that the Purchase Price, and the Assignment Form shall be promptly returned to the undersigned at the address indicated below if this purchase is not accepted by the General Partner on the terms above described.

5. By its acceptance of this transfer the Transferor agrees to accept the monies and notes in full satisfaction of the obligations of the undersigned in respect of the subscription price for the Units subscribed for.

DATED at Winnipeg, in the Province of Manitoba, this _____ day of _____, 19 .

Witness

(name of transferor)

Per: _____
(signature of authorized officer)

ASSIGNMENT FORM

PURA ORGANICS LIMITED PARTNERSHIP

AMONG:

_____ of _____ (name of Transferor)
(hereinafter called the "*Transferor*"),

- and-

_____ of _____ (name of Transferee)
(hereinafter called the "*Transferee*"),

- and -

3898220 MANITOBA LTD.,

as General Partner on behalf of Pura Organics Limited Partnership
(hereinafter called the "*General Partner*")

WHEREAS the transferor is the owner of _____ unit(s) (the "*Units*")
in the Pura Organics Limited Partnership (the "*Limited Partnership*");

AND WHEREAS the transferee desires to purchase the Units from the
transferor and to become the owner thereof;

AND WHEREAS the transferee has agreed, as part of the purchase price,
to obtain a release of the transferor's interest in the Limited Partnership (as hereinafter
defined) in substitution therefor as hereinafter set out;

AND WHEREAS the transferor acknowledges that the transfer (and
receipt of payment therefor) is dependent upon filing of a tax return and information
forms and that pending completion of such matters, the transaction will be subject to
withholding requirements:

NOW THEREFORE in consideration of the mutual covenants and
agreements herein contained, the parties agree as follows:

1. **Transferor's Assignment**

In consideration of the purchase price as hereinafter set forth, the receipt
and sufficiency whereof is hereby acknowledged, and subject to the approval of the
General Partner as noted below, the transferor hereby sells, transfers and assigns to the
transferee all his right, title and interest as a Limited Partner in and to the Units and

constitutes the transferee as the substitute Limited Partner in the Limited Partnership. The transferor agrees to execute and deliver to the General Partner any documents required to perfect and record such transfer of the Units to the transferee as necessary or advisable in the opinion of the General Partner, to preserve the status of the Limited Partnership as a limited partnership. The transferor agrees that the power of attorney previously granted to the General Partner will continue until all certificates, amendments or other instruments necessary to perfect and record this transfer have been executed, surrendered, delivered, filed and recorded as required and payment of such transfer fee as may be prescribed by the General Partner from time to time has been made.

The purchase price herein shall be paid by payment of \$_____.00 per Unit (or such other amount as the Transferor and Transferee may agree in writing), payable in cash or by certified cheque by the transferee to the transferor and delivered herewith.

2. **Undertaking of Transferor**

The transferor hereby undertakes to file all tax returns or other information returns required to permit the transfer to be completed without the imposition of withholding or other tax liability on the Limited Partnership or the transferee.

The General Partner, in addition, undertakes not to complete the formal transfer and registration except:

(a) upon receipt of satisfactory evidence that all tax and other filings have been completed and no withholding or other tax liability can be imposed on itself, the Limited Partnership or any Limited Partner (including the transferee), or,

(b) upon the transferor and the transferee providing evidence satisfactory to it that all withholding or other taxes have been paid as required (pending completion of final tax returns) by the transferor and that the transferor is compelled to pay any additional tax liability as and when due and has the wherewithal to do so and has furnished adequate security to ensure payment.

3. **Transferee's Undertaking to be Bound and to Assume**

The transferee hereby accepts the transfer of the Units from the transferor and agrees to become a substitute Limited Partner, and to be bound in the place and stead of such transferor as a party to and as a Limited Partner in the Limited Partnership, the terms of which are as set out in a Limited Partnership Agreement dated as of September 18, 1998 (herein called the "*Limited Partnership Agreement*") as from time to time amended and in effect.

The transferee hereby irrevocably makes, constitutes and appoints the General Partner or such other general partner of the Limited Partnership as from time to

time has control over the management of the Limited Partnership, with full power of substitution, as his true and lawful attorney and agent, with full power and authority in his name, place and stead, and for his use and benefit, to execute, swear to, acknowledge, deliver, file and record on his behalf and in the appropriate public offices and publish all of the following:

- (a) the Limited Partnership Agreement and any amendments or counterparts thereto;
- (b) all instruments which the General Partner deems appropriate to reflect any amendment, change or modification to the Limited Partnership or to the Limited Partnership Agreement in accordance with the terms thereof;
- (c) all certificates and instruments and amendments thereto which the General Partner deems appropriate or necessary to conform, qualify or continue the qualification of the Limited Partnership in or otherwise to comply with the laws of the Province of Manitoba and such other jurisdictions as the General Partner reasonably deems necessary;
- (d) all conveyances, agreements and instruments which the General Partner deems appropriate or necessary to reflect the dissolution and termination of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement;
- (e) execute and deliver transfer forms and such other documents on behalf of and in the name of the Limited Partnership as may be necessary to effect the sale of Units of a Limited Partner in default, in accordance with the Limited Partnership Agreement; and
- (f) any and all other certificates and instruments which may be required to be filed by the Limited Partnership under the laws of Canada Province of Manitoba, and any other jurisdiction to which the Limited Partnership is subject.

The power of attorney hereby granted shall be irrevocable and coupled with an interest and shall survive the death, disability, incapacity, insanity or insolvency of the transferee and shall extend to and be binding upon the heirs, executors, administrators, legal personal representatives, successors and assigns of the transferee.

The transferee hereby declares that the transferee:

- (a) is a resident of Canada within the meaning of the *Income Tax Act* (Canada);
- (b) is not a non-Canadian person within the meaning of the *Investment Canada Act*;
- (c) if an individual has attained the age of majority; and
- (d) if a corporation, partnership, unincorporated association or other entity, is legally competent to execute this Assignment Form and to take all actions required

pursuant hereto, and further certifies that all necessary approvals of directors, shareholders, partners, members or otherwise have been given.

4. **Release and Undertaking by the General Partner**

The General Partner on behalf of the Limited Partnership hereby releases and forever discharges the transferor from all claims and demands whatsoever resulting from the transferor's ownership of the transferred Units.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals this ____ day of _____, 1998.

3898220 MANITOBA LTD.

Per:  JKY

Witness

(name of transferor)

Per: 

(signature of authorized officer)

Note:

1. This transfer must be for a whole Unit or multiples thereof.
2. A transfer of a Unit may have income tax implications to the transferor and the transferee.