

BEARD WINTER LLP

BARRISTERS & SOLICITORS
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Tel: (416) 593-6666 Fax: (416) 593-7780 Website: www.beardwinter.com

Julian L. Doyle
Direct Line: (416) 305-1771
jdoyle@beardwinter.com

REFER TO FILE: 94094-2

May 30, 2006

Delivered Via E-mail

Royal Bank of Canada
Business Service Centre
180 Wellington St. West
3rd Floor
Toronto, Ontario
M5J 1J1

Attention: Huen Knox

Dear Huen:

Re: Shield Sprinkler Fire Systems Inc. – Prior Claims

I have been requested to provide you with a letter regarding the existence of any prior claims against Shield Sprinkler Fire Systems Inc. ("*Shield*") following the completion of the proposed financing.

I understand that you will be obtaining a pay-out figure from The Toronto-Dominion Bank and that The Toronto-Dominion Bank will be paid out on the closing of the Shield financing. Accordingly, the PPSA registrations by The Toronto-Dominion Bank against Shield will not constitute prior claims on the assets of Shield in priority to that of Royal Bank of Canada.

We have previously provided you with postponements of claim by Anna Marciano-De Giorgio in favour of Royal Bank of Canada and these postponements have been filed in the Ontario Personal Property Security Registration System. Shield is presently obtaining postponements from each of the other parties that have PPSA registrations against Shield and upon registration of these postponements in the Ontario Personal Property Security Registration System, there will be no prior claims on the property of Shield under the Personal Property Security Act (Ontario).

I have been provided with copies of the attached letters from Canada Revenue Agency dated May 26, 2006 together with the attached evidence of payment of the amounts set out in the letters from Canada Revenue Agency dated May 26, 2006. On the assumptions that the attached letters from Canada Revenue Agency accurately set out

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Page 2

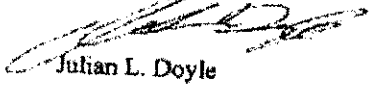
all income tax and GST arrears, inclusive of penalties and interest, of Shield to the present date and assuming such amounts have been paid, without any independent inquiry or verification of such assumptions, we believe that there will be no prior claims for taxes in priority to the security of Royal Bank of Canada against Shield.

We will ensure that any arrears of property taxes with respect to Unit 10, 13 Kenview Boulevard, Brampton are paid in full from the funds advanced on closing.

Based upon and subject to the foregoing, we are not aware of any claims in priority to the security of Royal Bank of Canada against Shield.

We trust that this correspondence is sufficient for your purposes to complete the contemplated establishment of credit facilities for Shield.

Yours very truly,
BEARD WINTER LLP


Julian L. Doyle

JLD/cl

Enc.

BEARD WINTER LLP

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Julian L. Doyle
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May 30, 2006

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Royal Bank of Canada
Business Service Centre
180 Wellington St. West
3rd Floor
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Based upon and subject to the foregoing, we are not aware of any claims in priority to the security of Royal Bank of Canada against Shield.

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Yours very truly,
BEARD WINTER LLP



Julian L. Doyle

JLD/cl

Enc.

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File No.	Secured Party
606181131	Citicorp Vendor Finance, Ltd.
606857472	MTC Leasing Inc.
616716171	Jim Pipilinski's Leasemaster National
616716207	Jim Pipilinski's Leasemaster National
620997795	Anna Marciano-De Giorgio

In addition, at our request, Onset Capital Corporation has discharged both of its PPSA registrations against Shield.

We are of the opinion that the PPSA registration made against Shield in favour of Royal Bank of Canada on April 8, 2006 has priority over all other registrations in the Ontario Personal Property Security Registration System, save and except for the registrations set out on Schedule "A". The amount of the indebtedness stated in one of these registrations in favour of Woodbine Pontiac Buick GMC Ltd. is only \$11,657. In our view, the PPSA registrations in Schedule "A" are relatively immaterial. Our firm undertakes to use its best efforts to obtain postponements or discharges of all of the registrations set out in Schedule "A" as soon as possible following closing.

I attach a Tax Certificate for Unit 10, 13 Kenview Boulevard, Brampton dated June 1, 2006. We undertake to pay all arrears of property taxes with respect to Unit 10, 13 Kenview Boulevard, Brampton, Ontario from the funds advanced on closing.

I also attach the General Security Agreement (E-Form 924) in which we have amended the address reference as requested in your email sent May 26, 2006.

As also requested in the same email, I attach a revised insurance binder reflecting the requested address for Royal Bank of Canada. Finally, I attach the revised officers' certificate correcting the corporate name.

I would also like to express our unqualified confidence in the personal integrity and capabilities of Frank Marciano. We have dealt with Frank extensively for some time and we have always found Frank to be completely honest and trustworthy. Frank is completely devoted to ensuring the success of Shield and conducts the business of Shield in a responsible and professional manner.

This letter supersedes and replaces our earlier correspondence dated May 30, 2006.

BEARD WINTER LLP

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We trust that this correspondence is sufficient for your purposes to complete the contemplated establishment of credit facilities for Shield.

Yours truly,

BEARD WINTER LLP



Julian Doyle

JLD/cb
Attached

SCHEDULE 'A'

File No.	Secured Party
611959734	NEC Canada Inc.
623074212	Woodbine Pontiac Buick GMC Ltd.
621813087	BMW Canada Inc.



SHIELD

SPRINKLER FIRE SYSTEMS INC.

13 KENVIEW BLVD., UNIT #10
BRAMPTON, ONTARIO L6T 5K9

Telephone: (905) 791-3456 - Fax: (905) 791-3635

June 2, 2006

Royal Bank of Canada
Business Service Centre
180 Wellington St. West
3rd Floor
Toronto, Ontario
M5J 1J1

Attention: Huen Knox

Dear Huen:

Re: PPSA Registrations

With respect to obtaining PPSA Registrations from-BMW Canada, NEC and Woodbine Pontiac Buick GMC the documents are sent and currently being reviewed by each respected legal council. We are awaiting receipt of Postponement in the favor of the Royal Bank.

We give undertaking not to increase from the above noted companies without the consent of RBC.

Yours very truly,

Shield Sprinkler Fire Systems Inc.

Frank Marciano

FM/ap





SHIELD

SPRINKLER FIRE SYSTEMS INC.

13 KENVIEW BLVD., UNIT #10
BRAMPTON, ONTARIO L6T 5K9

Telephone: (905) 791-3456 - Fax (905) 791-3635

June 2, 2006

Royal Bank of Canada
Business Service Centre
180 Wellington St. West
3rd Floor
Toronto, Ontario
M5J 1J1

Attention: Huen Knox

Dear Huen:

Re: Onset Capital Corporation

As requested we are confirming that Shield Sprinkler Fire Systems Inc. will not proceed in obtaining credit from Onset Capital as of June 2, 2006.

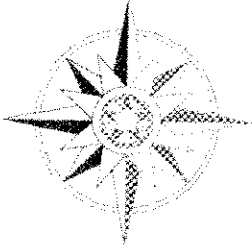
Yours truly,

Shield Sprinkler Fire Systems Inc.

Frank Marclano
President

FM/ap





BEARD WINTER LLP

BARRISTERS & SOLICITORS

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Julian L. Doyle

Direct Line: (416) 306-1771
jdoyle@beardwinter.com

rec'd Dec 20/06

REFER TO FILE: 94094-2

December 20, 2006

Delivered By Courier

Minden Gross LLP
Barristers and Solicitors
145 King Street West
Suite 2200
Toronto, Ontario
M5H 2G2

Attention: Kenneth L. Kallish

Dear Sirs:

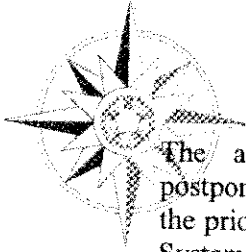
**Re: Royal Bank of Canada ("Bank") and
Shield Sprinkler Systems Inc. ("Shield")**

I acknowledge receipt of your letter dated December 18, 2006 with respect to the above-noted matter.

The letter from our firm to Royal Bank of Canada dated June 2, 2006 referred to in your correspondence dated December 18, 2006 contains the following statement:

"We are of the opinion that the PPSA registration made against Shield in favour of Royal Bank of Canada on April 6, 2006 has priority over all other registrations in the Ontario Personal Property System, save and except for the registrations set out in Schedule "A"."

In accordance with our firm's standard practice in matters of this nature, we obtained written authorization from each of Anna Marciano-DeGiorgio, Citicorp Vendor Finance, Ltd. and Jim Peplinski's Lease Master National Canada in the form already in your possession. Each authorization specifically refers to the file number of the PPSA registration in favour of the secured creditor that is being postponed in favour of the specific PPSA registration of Royal Bank of Canada. In these circumstances, it is not our firm's practice to require the execution by the postponing creditor of any other postponement agreement, subordination agreement, acknowledgment, inter-lender agreement or any other type of document. The Bank was provided with copies of the authorizations from the subject secured parties to postpone their PPSA registrations in favour of the PPSA registration made by the Bank and we were not requested to obtain any further documentation.



The authorizations signed by the subject secured creditors regarding the postponements are clear and unequivocal and clearly support our opinion regarding the priority of the registrations in the Ontario Personal Property Security Registration System.

In the specific circumstances relating to Anna Marciano-DeGiorgio, I enclose copies of the following signed documents:

1. Letter of Intent between Shield Investments Ltd., Frank Marciano and Anna Marciano-DeGiorgio dated October 25, 2005 – please see the first paragraph on Page 2;
2. Share Purchase and Debt Purchase Agreement between Frank Marciano and Anna Marciano-DeGiorgio dated as of November 30, 2005 – please see Section 3.3 (b) relating to the below General Security Agreements;
3. General Security Agreement between Shield Investments Ltd. and Anna Marciano-DeGiorgio dated November 30, 2005 – please see Section (J) of Schedule “A”;
4. General Security Agreement between Shield Sprinkler & Fire Systems Ltd. and Anna Marciano-DeGiorgio dated November 30, 2005 – please see Section (J) of Schedule “A”;
5. General Security Agreement between Shield Sprinkler Fire Systems Inc. and Anna Marciano-DeGiorgio dated November 30, 2005 – please see Section (J) of Schedule “A”.

Yours very truly,
BEARD WINTER LLP



Julian L. Doyle

JLD/cl

cc: Robert C. Harason (without enclosures)