

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT made as at this 8th day of January, 2007.

BETWEEN:

DINO BELTRAME, in Trust
(hereinafter referred to as the "**Purchaser**")

OF THE FIRST PART

- and -

BDO DUNWOODY LIMITED
solely in its capacity as Interim Receiver
Of the Assets of Shield Sprinkler Fire Systems
Inc. without personal or corporate liability
(hereinafter referred to as the "**Vendor**")

OF THE SECOND PART

WHEREAS:

- (a) a Charge/Mortgage of Land, registered as PR1042034 on April 6, 2006 in the Land Titles Office for the Registry Division of Peel, was given by Shield Sprinkler Fire Systems Inc. (the "**Company**") to and in favour of Royal Bank of Canada (the "**Secured Party**") over 13 Kenview Blvd., Unit 10, Brampton, Ont (the "**Property**") to secure the payment and satisfaction of any and all obligations, indebtedness and liability of the Company to the Secured Party;
- (b) the Secured Party made a demand upon the Company for the repayment of its debt and issued a notice pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* (a "**BIA Notice**") indicating its intention to enforce its security;
- (c) the notice period provided in the BIA Notice and in the demand letters has expired without the debt owed by the Company to the Secured Party being repaid;
- (d) On October 16, 2006 the Ontario Superior Court of Justice issued an Order appointing BDO Dunwoody Limited as Interim Receiver (the "**Vendor**") of the Company upon an application made by the Secured Party.
- (e) Dino Beltrame, in Trust (the "**Purchaser**") wishes to purchase the Property upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each party to the other, the parties hereto agree as follows:

ARTICLE 1 PURCHASE AND SALE OF PROPERTY

Section 1.01 Property

The Purchaser agrees to purchase from the Vendor, and the Vendor agrees to sell to the Purchaser at the Time of Closing, subject to the terms and conditions hereof, all of the Vendor's right, title and interest, if any, in and to the Property described or referred to in Schedule "A" attached hereto.

Section 1.02 Third Party Consents

Nothing in this Agreement shall be construed as an attempt to sell or assign right to any Property which are not capable of being sold or assigned, in whole or in part, without the consent of the owner of such Property.

ARTICLE 2 PURCHASE PRICE

Section 2.01 Purchase Price

The purchase price payable to the Vendor by the Purchaser for the Property shall be **\$225,000.00** (collectively, the "**Purchase Price**") payable as follows:

- (a) the sum equal to 10% of the Purchase Price shall be paid by bank draft or by certified cheque drawn on a Canadian Chartered Bank, and made payable to the Vendor upon the execution of this Agreement as a deposit; and
- (b) the balance of the Purchase Price shall be delivered at the Time of Closing payable by bank draft or by certified cheque drawn on a Canadian Chartered Bank and made payable to the Vendor.

The Purchase Price shall be adjusted accordingly to reflect the Vendor's portion or prepayment thereof property taxes, condominium fees and utilities, as at the Time of Closing.

Section 2.02 Deposit

The Deposit shall be held in trust by the Vendor and shall be:

- (a) credited to the Purchaser against the Purchase Price on the date of the closing of the Transaction if the purchase and sale of the Property is completed pursuant to the Agreement; or
- (b) refunded to the Purchaser, without deduction, if the purchase and sale of the Property is not completed pursuant to the Agreement, provided that the Purchaser is not in default under the Agreement; or
- (c) retained by the Vendor, as a genuine pre-estimate of liquidated damages and not as a penalty, in addition to any other rights and remedies that the Vendor may have under the Agreement and at law, if the purchase and sale of the Property is not completed pursuant to the Agreement, as a result of the Purchaser's breach hereunder. If the Deposit is insufficient to fully compensate the Vendor for such damages, the Purchaser will satisfy the deficiency forthwith upon delivery to the Purchaser of a demand for same, together with a full accounting setting out the specifics and justification for the Vendor's demand.

Section 2.03 Goods and Services Taxes

The Purchaser and the Vendor acknowledge and agree that the Purchase Price for the Property forming the subject matter of this transaction, excludes the Goods and Services Tax ("GST") payable pursuant to the *Excise Tax Act* (Canada), as amended, (the "Act"). On or before closing, the Purchaser shall provide a statutory declaration (the "Statutory Declaration") stating that the Purchaser is a registrant under the Act and shall provide the Vendor with a copy of its GST registration certificate and its registration number. The Purchaser covenants and agrees that it will pay any GST directly to Revenue Canada and will provide the Vendor with its written Indemnity (the "Indemnity") in a form satisfactory to the Vendor's solicitors on Closing for any GST related liability which may be assessed against the Vendor as a result of this Agreement. In addition to the Statutory Declaration and Indemnity, the Purchaser shall deliver to the Vendor on closing its written undertaking (the "Undertaking") in a form satisfactory to the Vendor's solicitors to comply with all requirements of the Act to report this transaction along with its regular GST payable in connection with this transaction. If the Purchaser fails to deliver the Statutory Declaration, the Indemnity and the Undertaking, the Purchaser shall pay to the Vendor, in addition to the Purchase Price set out above, all GST exigible in connection with this transaction and the Vendor shall remit same to the Receiver General for Canada as required by the Act.

ARTICLE 3 REPRESENTATIONS

Section 3.01 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) the Vendor, subject to obtaining the approval of the Court, has the power and authority to enter into this Agreement and to sell and convey its right,

title and interest, if any, in and to the Property to the Purchaser in the manner contemplated by this Agreement;

- (b) the Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act (Canada)*;
- (c) the Vendor has done no act to further encumber the Property; and
- (d) the property will be conveyed by way of a Vesting Order obtained through the Court.

Section 3.02 Purchaser's Representations

The Purchaser hereby represents and warrants to and in favour of the Vendor that:

- (a) the Purchaser has the requisite power and authority to enter into this Agreement and to complete the transaction of purchase and sale of the Property as contemplated in this Agreement (the “**Transaction**”), and this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable in accordance with its terms; and
- (b) the Purchaser is not and will not at the Time of Closing, be a non-Canadian person within the meaning of the *Investment Canada Act (Canada)*.

ARTICLE 4 AS IS, WHERE IS

Section 4.01 “As Is, Where Is”

Notwithstanding anything contained herein, the Purchaser confirms that it has entered into this Agreement on the basis that:

- (a) the Purchaser has conducted its own investigations of the title to the Property. In this regard, the Purchaser shall be allowed until the 23rd day of January, 2007, in which to examine the Vendor's title to the Property at its own expense and until Closing to satisfy itself that there are no outstanding municipal work orders or deficiency notices, and if within that time any valid objection to title is made in writing to the Vendor, or the Purchaser advises the Vendor of any outstanding work order or deficiency notice, which the Vendor shall be unable to remove and which the Purchaser will not waive, this Agreement shall, notwithstanding any intermediate acts or negotiations with respect to such objections, be null and void and the deposit and the additional deposits, shall be returned immediately to the Purchaser without deduction and neither party shall have any further rights or obligation hereunder;

- (b) the Purchaser has and shall be deemed to have inspected the Property, satisfied itself with respect to the Property and all matters and things connected with or in any way related to the Property, and to have relied entirely upon its own investigations and inspections in entering into this Agreement and purchasing the Property;
- (c) the Purchaser is purchasing the Property on an "as is, where is" basis;
- (d) the Vendor has made no representations, warranties, statements or promises (save and except as expressly stated in this Agreement) and has not agreed to any condition with respect to the Property, whether statutory (including, without limitation, under the *Sale of Goods Act (Ontario)*), express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, as to:
 - i. title, including, without limitation, the existence, validity, registration, enforceability or priority of any mortgages, charges, liens, encumbrances, security interests, claims or demands of whatsoever nature or kind affecting or in any way relating to any or all of the Property;
 - ii. the existence, condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, enforceability, condition, quantity or quality thereof of the Property;
 - iii. the presence or absence of contaminants on, in or about the Property; the discharge of contaminants from, on or in relation to the Property; the existence, state, nature, identity, extent or effect of any administrative orders, control orders, stop orders, compliance orders or any other orders, proceedings or actions under the *Environmental Protection Act (Ontario)*, the *Ontario Water Resources Act (Ontario)*, or any other applicable law in relation to the Property; nor the existence, state, nature, kind, identity, extent or effect of any liability on the Purchaser to fulfil any obligations with respect to the environmental condition or quality of the Property. The Purchaser acknowledges that it accepts the Property subject to the environmental condition and any contamination, whether or not such environmental condition and any contamination is known to the Vendor or the Secured Creditor prior to the date hereof, and acknowledges that the Purchaser will have no recourse against the Vendor for any such pre-existing environmental conditions or contaminations; and
- (e) the description of the Property in this Agreement, including any schedules attached hereto, including, without limitation, Schedule "A" are solely for

the purpose of the parties in identifying such Property. The Vendor has not independently verified any of the information contained herein and makes no representations or warranties as to the accuracy or completeness of such descriptions or the accuracy or completeness of Schedule "A" attached hereto.

ARTICLE 5 CONDITIONS

Section 5.01 Conditions

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true and correct and the Purchaser shall have delivered to the Vendor satisfactory evidence to that effect;
- (b) the Purchaser shall have complied with and performed all of its covenants and obligations contained in this Agreement;
- (c) the Vendor shall have obtained court approval for the sale on or before January 30, 2007, unless the time to obtain court approval is extended, in writing, by the mutual consent of the Vendor and the Purchaser. In the event that either (i) the Vendor is unable to obtain court approval or (ii) an appeal is filed against the order by the court granting approval the sale of this property it will be deemed that approval was not granted by the court, and this Agreement shall be terminated and neither party shall have any further liability or obligation hereunder;
- (d) no action or proceeding, at law or in equity shall have been commenced or threatened by any person, firm, company, government, regulatory body or agency to enjoin, restrict or prohibit the Transaction; and
- (e) the Purchaser shall have paid the Purchase Price in full to the Vendor.

ARTICLE 6 CLOSING

Section 6.01 Place of Closing

The completion of this transaction as it relates to the purchase of the Property shall take place on the third business day after the Vendor has obtained the approval of the court of the sale, or such earlier or later time or date as the parties may agree in writing (such time being referred to herein as the "**Time of Closing**").

Section 6.02 Deliveries on Closing by the Vendor

The Vendor shall deliver to the Purchaser at the Time of Closing:

- (a) all assignments in form and substance satisfactory to both counsel for the Vendor and the Purchaser, acting reasonably, as may be necessary to transfer the right, title and interest, if any, of the Vendor in and to the Property to the Purchaser in the manner contemplated under this Agreement;
- (b) all other documents contemplated by this Agreement to effectually complete the Transaction; and
- (c) actual possession of such of the Property, as is, within the possession of the Vendor at the Time of Closing.

Section 6.03 Deliveries on Closing by the Purchaser

The Purchaser shall deliver to the Vendor at the Time of Closing:

- (a) the balance of the Purchase Price by way of bank draft or certified cheque drawn on a Canadian chartered bank and made payable to the Vendor; and
- (b) all other documents contemplated by this Agreement to effectually complete the Transaction.

Section 6.05 Compliance

The Purchaser shall at its own cost and expense, be responsible for compliance with all municipal, provincial and federal laws insofar as the same apply to the Property and the use thereof by the Purchaser from and after the closing of the Transaction.

**ARTICLE 7
MISCELLANEOUS**

Section 7.01 Title and Risk

The Property shall remain at the risk of the Vendor to the extent of its interest, until completion of the Transaction. Pending closing, the Vendor shall hold all insurance policies and proceeds thereof in trust for itself, the Purchaser and all other parties as their respective interests may appear. In the event of any substantial damage to the Property prior to the Time of Closing, the Purchaser may, at its option:

- (a) complete the Transaction without reduction of the Purchase Price, in which event all proceeds of insurance or compensation shall be payable to the Purchaser; or
- (b) rescind this Agreement and the parties hereto shall have no further rights and remedies against each other.

Following the closing of the Transaction, the Purchaser shall be solely responsible for the Property, including, without limitation, as to their protection, safekeeping and insurance and the Vendor shall have no further obligation whatsoever in respect of the Property.

Section 7.02 Obligations to Survive

Notwithstanding the completion of the Transaction set out in this Agreement or the delivery of documents pursuant to this Agreement, the obligations, covenants, representations and warranties of the parties hereto shall survive the completion of the Transaction and shall remain in full force and effect and shall not merge as a result thereof.

Section 7.03 Vendor's Capacity

The parties hereto agree that the Vendor acts solely in its capacity as Interim Receiver the property of the Company, and that the Vendor and its agents, officers and employees shall have no personal or corporate liability under or as a result of this Agreement, or otherwise in connection herewith.

Section 7.04 Further Assurances

Each of the parties hereto from and after the Time of Closing shall, from time to time, and at the request and expense of the party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested for more effectually carrying out the true intent and meaning of this Agreement.

Section 7.05 Time of the Essence

Time shall be of the essence of this Agreement.

Section 7.06 Tender

Any tender of documents or money made pursuant to this Agreement may be made upon the Vendor or the Purchaser or their respective solicitors at the Time of Closing. Money shall be tendered by bank draft or certified cheque drawn on a Canadian chartered bank, and made payable to the Vendor.

Section 7.07 Currency

All references in this Agreement to monetary amounts, unless indicated to the contrary, are to Canadian currency.

Section 7.08 Notices

Any notice, demand or other communication required or permitted to be given to any party hereunder shall be given in writing and addressed as follows:

(a) to the Vendor at:

BDO Dunwoody Limited
1 City Centre Drive
Suite 1040
Mississauga, ON
L5B 1M2
Attention: D. McConnell
Facsimile: 905-615-1333

(b) to the Purchaser at:

Dino Beltrame
200 Ranch Trail Rd.
R.R. 1
Kleinburg, ON
L0J 1C0
Facsimile: 905-791-4083

Any such notice shall be deemed to be sufficiently given if personally delivered or sent by facsimile transmission, and in each case shall be deemed to have been received by the other party on the same day on which it was delivered or sent by facsimile transmission, if transmittal thereof is given during the normal business hours of the recipient (9am to 5pm, Monday to Friday) and on the business day during which such business hours next occur if not given on such hours on such days.

Section 7.10 Governing Law

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

Section 7.11 Singular, Plural and Gender

Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders. The term "person", as used herein, shall have the meaning ascribed to it pursuant to the *Business Corporations Act* (Ontario).

Section 7.12 Headings

The headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation hereof.

Section 7.13 Benefit of Assignment

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

Section 7.14 Assignment

This Agreement may not be assigned by the Purchaser without the prior written consent of the Vendor, which consent may be arbitrarily withheld. This Agreement may be assigned by the Vendor without the consent of the Purchaser.

Section 7.15 Counterparts and Facsimile

This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document and all counterparts and adopting instruments will be construed together and will constitute one and the same agreement. This Agreement shall be validly executed and delivered if signed and transmitted by facsimile or other electronic means, with valid answer back.

Executed by the Vendor at Mississauga, Ontario, this 8th day of January, 2007.

BDO DUNWOODY LIMITED, solely in its capacity as Interim Receiver of Shield Sprinkler Fire Systems Inc. without personal or corporate liability


Per: 

Name: Darryl R. McConnell

Title: Vice President

(Vendor)

Accepted by the Purchaser at _____, this _____ day of January, 2007.


Name: **DINO BELTRAME**

(Purchaser)

SCHEDULE "A"
DESCRIPTION OF PROPERTY

PIN 19451 – 0010 LT

Description: Unit 10, Level 1, Peel Condominium Plan No. 451; Blk 7 PL 43M811;
Brampton

Address: 13 Kenview Blvd.
Unit 10
Brampton, Ontario
L6T 5K9