

Schedule "B"

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT is dated for reference _____ day of May 2008.

Seller: Schist Lake Development Corporation trading as Bayshore Developments

Buyer: _____

Address: P.O. Box 697
Flin Flon, MB R8A 1N5

Address: _____

Phone: 204-687-8208

Phone: _____

Fax: 204-687-8051

Fax: _____

Resident of Canada or Non-resident of Canada
As defined under the *Income Tax Act* (Canada)

Certain lands and premises located at _____ Thompson Drive, Cranberry Portage, Manitoba and legally described as Lot _____ Block _____ Plan 41703 PLTO

The Buyer agrees to purchase the Property from the Seller on the following terms and subject to the following conditions:

- 1. **PURCHASE PRICE:** The purchase price of the Property will be _____ DOLLARS (\$ _____) (the "Purchase Price").
- 2. **DEPOSIT:** A deposit of \$ _____ (the "Deposit") which will form part of the Purchase Price, will be paid to CENTURY 21 West Man Realty Ltd. On the date hereof. The Deposit shall be non-refundable except as provided in Section 19 of this Agreement.

All monies paid pursuant to this section 2 will be held in trust in accordance with the provisions of all local laws applicable to the sale of real estate. In the event the Buyer fails to pay the Deposit as required by this Agreement, the Seller may, at the Seller's option, terminate this Agreement. The parties hereby acknowledge that the person receiving the Deposit in connection with this transaction is authorized to pay all or any portion of the Deposit to the party responsible for the conveyance of the Property (the "Conveyancer") without further written direction of the Buyer or Seller, provided that: (a) the Conveyancer is a Lawyer or Notary; and (b) such money is to be held in trust by the Conveyancer as stakeholder pursuant to the provisions of applicable real estate legislation pending the completion of the transaction and not on behalf of any of the principals to the transaction.

3. **COMPLETION:** The sale will be complete on the date which is 30 days from the date hereof (the "Closing Date"), by which time the Buyer shall have paid the balance of the Purchase Price to the person indicated in section 2 above.
4. **POSSESSION:** The Buyer will have vacant possession to the Property on or before 12:00 p.m. (noon) on the day which is 30 days from the date hereof (the "Possession Date").
5. **ADJUSTMENTS:** The Buyer will assume and pay all taxes, rated, local improvement assessments, fuel, utilities and other charges from, and including, the date set for adjustments both incoming and outgoing of whatsoever nature will be made as of the Closing Date.
6. **INCLUDED ITEMS:** The Purchase Price includes any buildings, improvements, fixtures, appurtenances and attachments thereto as viewed by the Buyer at the date of inspection, including: NIL – The land is vacant.
7. **TITLE:** Free and clear of all encumbrances except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favour of utilities and public authorities and except as otherwise set out herein.
8. **TENDER:** Except for the Deposit, which may be paid by way of personal cheque, payment of the Purchase Price by the Buyer to the Seller will be by certified cheque, bank draft, wire transfer or Lawyer's/Notary's trust cheque payable to the person set out in section 2 above.
9. **COMMISSION AND FEES:** The parties acknowledge and agree that Century 21 West Man Realty Ltd. (the "Broker") and Ritchie Bros. Auctioneers (Canada) Ltd. (the "Auctioneer") are entitled to receive commissions together with other fees and expenses as set out in the Listing Agreement and Contract to Auction (the "Auction Contract") between the Broker, the Auctioneer and the Seller dated April 5, 2008.

- 10. DOCUMENTS:** All documents required to give effect to this Agreement will be delivered in registerable form where necessary and will be lodged for registration in the appropriate Land Titles Office in accordance with the applicable real estate legislation and practice in the Province of Manitoba. The Purchaser shall be responsible for the registration costs of the documents lodged for registration in the Land Titles Office.
- 11. TIME:** Time will be of the essence hereof, and unless the balance of cash payment is paid and such formal agreement to pay the balance as may be necessary is entered into on or before the Closing Date, the Seller may, at the Seller's option, terminate this Agreement, and, in such event, the amount paid by the Buyer will be absolutely forfeited to the Seller, on account of damages, without prejudice to the Seller's other remedies.
- 12. BUYER FINANCING:** If the Buyer is relying on a new mortgage to finance the Purchase Price, the Buyer, while still required to pay the Purchase Price on the Closing Date, may wait to pay the Purchase Price to the Seller until after the transfer and new mortgage documents have been lodged for registration in the appropriate Land Titles Office, but only if, before such lodging, the Buyer has : (a) made available for tender to the Seller that portion of the Purchase Price not secured by the new mortgage, and (b) fulfilled all the new mortgagee's conditions for funding except lodging the mortgage for registration, and (c) made available to the Seller, a Lawyer's or Notary's undertaking to pay the Purchase Price upon lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds pursuant to the Canadian Bar Association standard undertakings (the "CBA Standard Undertakings"). The Buyer will pay interest on the outstanding balance from the Closing Date until the said outstanding balance, together with interest, is received by the Vendor's solicitor, at the same rate as the Buyer's mortgage.
- 13. CLEARING TITLE:** If the Seller has existing financial charges to be cleared from title, the Seller, while still required to clear such charges, may wait to pay and discharge existing financial charges until immediately after receipt of the Purchase Price, but in this event, the Seller agrees that payment of the Purchase Price shall be made by the Buyer's Lawyer or Notary to the Seller's Lawyer or Notary, on the CBA Standard Undertakings to pay out and discharge the financial charges, and remit the balance, if any, to the Seller.

- 14. COSTS:** The Buyer will bear all costs of the conveyance and, if applicable, any costs related to arranging a mortgage and the Seller will bear all costs of clearing title. The Buyer shall be responsible to pay or account for all GST payable with respect to the transfer of the Property.
- 15. RISK:** All buildings on the Property and all other items included in the purchase and sale will be, and remain, at the risk of the Seller until 12:01 a.m. on the Closing Date. After that time, the Property and all included items will be at the risk of the Buyer.
- 16. PLURAL:** In this Agreement, any reference to a party includes that party's heirs, executors, administrators, successors and assigns; singular includes plural and masculine includes feminine.
- 17. CONDITIONS OF THE PROPERTY:** The Buyer shall accept the Property in an "as is" condition, except as otherwise disclosed on the Disclosure Statement, as of the Closing Date, and Buyer agrees that the Seller has not and does not make any representations or warranties of any kind whatsoever, express or implied, to the Buyer regarding the Property, any aspect of the condition of the Property or the fitness of the Property for any intended or particular use, any and all such representations and warranties, express or implied, being hereby expressly waived by the Buyer and disclaimed by the Seller. The Buyer represents and warrants to the Seller that the Buyer has not been induced to execute this Agreement by any act, statement or representation of the Seller or its agents, employees or representatives.
- 18. ACCEPTANCE IRREVOCABLE (Buyer and Seller):** The Seller and the Buyer specifically confirm that this Agreement is executed under seal. It is agreed and understood, that the Seller's acceptance is irrevocable until after the date specified for the Buyer to either;
- (a) Fulfill or waive the terms and conditions herein contained; and/or
 - (b) Exercise any option(s) herein contained.
- 19. BREACH OF CONTRACT BY SELLER:** If the Seller defaults in the performance of any of its obligations hereunder and Closing fails to occur because thereof, the Buyer may terminate this Agreement and shall be entitled to the return of the Deposit, or seek specific performance of this Agreement.

- 20. BREACH OF CONTRACT BY BUYER:** If the Buyer defaults in the performance of any of its obligations hereunder and Closing fails to occur by reason thereof, the Deposit shall be forfeited to the Broker and the Auctioneer for allocation pursuant to the terms of the Auction Contract.
- 21. ASSIGNMENT:** This Agreement may be assigned by the Buyer to any party with the prior written approval of the Seller and the Broker, not to be unreasonable withheld.
- 22. COUNTERPARTS:** This Agreement may be executed in any number of original counterparts, with the same effect as if all the parties had signed the same document, and will become effective when one or more counterparts have been signed by all of the parties and delivered to each of the other parties. All counterparts will be construed together and evidence only one agreement, which, notwithstanding the dates of execution of any counterparts, will be deemed to be dated the date first above written.
- 23. EXECUTION BY FAX:** This Agreement may be executed by the parties and transmitted by fax and if so executed and transmitted this Agreement will be for all purposes as effective as if the parties had executed and delivered an original Agreement.
- 24. AMENDMENT:** No supplement, modification or waiver of this Agreement shall be effective unless executed in writing by all of the parties hereto.
- 25. GENERAL TERMS:**
- (a) The Seller has installed permanent street signs as approved by Manitoba indicating the permanent street names and traffic control signs as necessary.
 - (b) The Seller has completed the following:
 1. Gravel led surface roadways to access the property being purchased by the Buyer herein;
 2. Land drainage ditches adjacent to said roadways as may be allowed by the Government of Manitoba and the Rural Municipality of Kelsey;
 3. Hydro electric transmission line servicing the entire subdivision;

- (c) The Seller agrees to construct and install the following:
 - 1. Non-cellular telephone services to the subdivision, it being understood that cellular service is already available;
- (d) The parties further covenant and agree that it is the Buyer's responsibility to access electrical power and non-cellular telephone services from the nearest existing transmission pole into their property at the Buyer's cost.

26. DEVELOPMENT OBLIGATIONS OF THE PURCHASER(S):

- (a) No buildings shall be erected or placed on lot other than a single-family dwelling unit and allowed auxiliary buildings, which dwelling shall have a minimum floor area of Six Hundred and Sixty (660) square feet. All buildings must comply with all current building, zoning and fire codes and regulations and no construction may be commenced until the Buyer has obtained all necessary permits to allow for said construction.
- (b) The dwelling unit above described shall be constructed on the lot to a habitable state (shingles, windows and doors installed, together with a potable water source and private approved sewage disposal system in operation) within 36 months of the date of the transfer of the lot by the Seller to the Buyer.
- (c) The parties agree that the Buyer shall be required to install a private sewage collection system (pump-out tank), which shall be in accordance with Manitoba Regulations 95/88RR and amendments thereto and shall be registered with the Province of Manitoba prior to installation. Septic fields and private privies are strictly prohibited. The Buyer assumes all responsibility and liability for the construction and operation of their sewage collection system.
- (d) The parties agree that neither the Seller, nor the Province of Manitoba, nor the Rural Municipality of Kelsey assumes any responsibility, liability with respect to the operation and maintenance of any private water supply system or sewage collection system on the said Property and same shall be the sole responsibility of the Buyer. The Buyer agrees to indemnify and save harmless the Seller for any loss or damage caused by the operation of the Buyer's private water supply and private sewage collection system.

- (e) All private approaches or driveways including the culvert therefore, from the roadway to the building lot within the Subdivision shall be installed by the Buyer in accordance with the requirements and standards of Manitoba, the Seller, and the Rural Municipality of Kelsey, at the sole cost and expense of the Buyer. The Buyer shall obtain approval from the Seller before installing the necessary culvert to access their property and further understand that they must install a culvert unless that requirement is waived by the Seller.

27. CURRENCY OF THIS AGREEMENT: The term and currency of this Agreement shall be from the date of execution until each and every covenant of the Buyer has been performed to the satisfaction of the Seller.

28. REMEDIES CUMULATIVE:

(a) The Seller may terminate the Agreement upon any default by the Buyer of any term of the Agreement, whereupon title will revert to the Seller as set out hereafter, and the Seller shall be entitled to re-enter and take possession of the land, and enjoy quiet possession of same to the exclusion of the Buyer;

(b) The Seller may from time to time resort to any or all of the rights and remedies (all of which rights and remedies are intended to be cumulative and not alternative). In the event of any default hereunder by the Buyer, either pursuant to any provision of this Agreement or any statute or the general law, the Seller's rights and remedies are not to be interpreted as excluding any other or additional rights and remedies available to the Seller by statute or the general law.

29. GENERAL PROVISIONS:

(a) Time shall be of the essence of this Agreement;

(b) This Agreement shall run with the land and bind the parties hereto and their respective heirs, administrators executors, successors and permitted assigns.

(c) The Buyer consents to the filing by the Province of Manitoba of a caveat of the Department of Northern Affairs (no development beyond Lake Athapuskow 100 year high water mark) and the Rural Municipality of Kelsey (Development Agreement), which caveats may be registered in the Portage La Prairie Land Titles Office against the land herein. The Seller may file a caveat at any time against the said property to protect the Seller's rights, pursuant to this Agreement, however, such caveat may not be filed if the Buyer has completed the construction of a dwelling unit on the property in accordance with clause 26(a) and 26(b) herein;

(d) This Agreement shall be governed by the Laws of the Province of Manitoba.

30. DEFAULT: If the Buyer fails to comply with the terms and conditions of this Agreement, or fails to pay the monies as herein set out, the Seller may, without notice, and in its sole and absolute discretion, cancel this Agreement, at which time the said Agreement shall be null and void, and the Seller shall be absolved from any and all further obligations to the Buyer whatsoever. The Buyer's obligations will not be extinguished however and shall be enforceable by the Seller.

31. CONDITIONS:

1. All timber, whether live or fallen which is situate within the road allowance is the sole and absolute property of the Seller and the Buyer agrees not to remove same without the written consent of the Seller first had obtained;

2. All fill, gravel and other materials stockpiled by the Seller on the site of the subdivision, as well as the Seller's borrow pit in the area are the sole and exclusive property of the Seller. The Buyer agrees not to remove any materials aforesaid without the written consent of the Seller, first had obtained;

3. The Buyer agrees that they will dispose of all brush, timber and overburden, etcetera, removed from their property for the purposes of developing the property in an area specifically designated by the Rural Municipality of Kelsey, and further, acknowledge that they shall not deposit any such materials whatsoever on any property of the Seller.

4. The Seller may, in its sole discretion, waive any or all of the aforesaid conditions.

32. ARBITRATION: The parties covenant and agree that any dispute arising between the parties, herein, in connection with any of the terms and conditions of this Agreement, shall be referred for and dealt with by Arbitration, pursuant to the terms and conditions of The Arbitration Act of Manitoba.

33. GENERAL

(a) **The Buyer is an independent Buyer and this Agreement does not create the relationship of employer and employee or principal and Agents between the Seller or the Buyer herein.**

(b) The parties hereto shall use due care in the performance of their obligations of this Agreement to ensure that no person is injured nor property damaged or lost, nor rights infringed.

(c) The Buyer shall be solely responsible for :

i) The injury to any persons, (including death), damage or lost property infringement of rights caused by, or relating to the performance of this Agreement or the breach of any term or condition of this Agreement by the Purchaser, or the employees or agents or invitees of the Purchaser and any admission or wrongful or negligent act of the Purchaser, or of any of the employees or agents or invitees of the Purchaser, and shall save harmless and indemnify the Vendor, its officers, employees and agents from and against all claims, liabilities and demands with respect thereto.

34. EXECUTION OF DOCUMENTS: The parties agree that each of them, shall upon reasonable request of the other party, make, do, execute or cause to be made or executed all such further documents and all lawful acts, deeds or things for the better and more perfect and absolute performance of the terms and conditions of this Agreement.

35. BINDING ON ESTATES/JURISDICTION: This Agreement shall be binding on the executors, administrators, successors and permitted assigns of the parties hereto and time shall be of the essence of this Agreement.

This document contains the entire agreement between the parties. There are no undertakings, representations, or promises, express or implied, other than those within this Agreement.

- 36. COMPLIANCE WITH LAWS:** The parties covenant and agree to comply with all Federal, Provincial and Municipal laws and regulations, including the Environment Act and all regulations under, and the parties further covenant agree that the breach of any such laws and regulations by the Buyer hereto shall constitute a breach of the terms and conditions of this Agreement by the said Buyer wherein the other Seller shall be at liberty to terminate the said Agreement.
- 37. NOTICE AND PAYMENT OF FUNDS:** Any payment of funds to the Seller under this Agreement may be made by certified cheque payable in trust to Ginnell Bauman Watt Law Corporation at the address below, delivered to the attention of the Seller. Any notice, direction or instrument required or permitted to be given to the Seller in this Agreement may be given by mailing same postage prepaid, or delivering same addressed to the Seller as follows:
- Schist Lake Development Corporation
P.O. Box 697, 47 Main Street
FLIN FLON, MB R8A 1N5

Any notice, direction or instrument required or permitted to be given to the Buyer in this Agreement may be given by mailing same postage prepaid, or delivering same addressed to the Buyer as follows:

38. **BUYER:** The Buyer agrees to purchase the Property on the terms and conditions set out above.

Witness

Signature (seal)


Witness

Signature (seal)

Dated: _____, 2008.

41. **SELLER:** The Seller agrees to sell the Property on the terms and conditions set out above.

Dated: _____, 2008



Schist Lake Development Corporation
trading as Bayshore Developments
Per: President

SCHEDULE "C"
DISCLOSURE SCHEDULE

Caveat No. 1064899 as set out in Schedule "A" hereto evidences a Development Agreement between the Seller and the Rural Municipality of Kelsey. The Seller has substantially completed the terms of the Development Agreement to the satisfaction of the Rural Municipality of Kelsey. There remains outstanding the installation of non-cellular telephone service to the subdivision, which the telephone utility has promised the Seller will occur in the year 2008.

Initials _____

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