

Court No. 25-1124515  
Estate No. 25-1124515  
Affidavit of Rick Souther  
Sworn February 20, 2009

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

**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 50.4(9) OF THE  
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE PROPOSAL OF  
THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD.,  
HAT BIT SUPPLY LTD., DBC INTERNATIONAL INC., DUNN TRUCKING LTD. AND  
R ENVIRONMENTAL LABS LTD.**

**OF THE TOWN OF TABER, IN THE PROVINCE OF ALBERTA**

**SUPPLEMENTAL AFFIDAVIT**

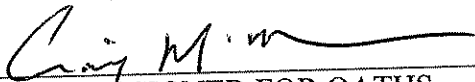
I, Rick Souther, of the Town of Taber, Businessman, MAKE OATH AND SAY:

1. I am the President and sole director of The Diamond Bullet Corporation ("**Diamond**"), Premiere Manufacturing Ltd. ("**Premiere**"), Hat Bit Supply Ltd. ("**Hat Bit**"), Dunn Trucking Ltd. ("**Dunn**"), DBC International Inc. ("**DBC**"), R Environmental Labs Ltd. ("**Labs**") (collectively referred to as the "**Debtor Companies**") and as such have personal knowledge of the matters to which I depose in this Affidavit, except where such matters are stated to be based on information and belief, in which case I verily believe such information to be true.
2. This Supplemental Affidavit is made in support of an application by the Debtor Companies for an Order extending the time for the Debtor Companies to file the proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**").
3. I have been involved in discussions with a company interested in purchasing all of the Debtor Companies as a going concern, Duratech Group Inc. ("**Duratech**"), and can


advise that on February 19, 2009, the Debtor Companies received from Duratech an Offer to Purchase all of the Debtor Companies, except Dunn, as a going concern (the "Duratech Offer"). A copy of the Duratech Offer is attached and marked as Exhibit "A" to this Affidavit.

4. Pursuant to the Duratech Offer, *inter alia*, Duratech will make an initial \$50,000 non-refundable payment to the Vender upon the Debtor Companies, except for Dunn, being assigned into receivership. And, \$50,000 non-refundable cash payments will be made to the Vendor in weekly instalments beginning February 26, 2009.
5. In support of Duratech's financial ability to make such payments, Duratech has provided the Debtor Companies with a copy of security receipt from Frank deWalle, Barrister & Solicitor, dated February 20, 2009, showing that he currently holds \$300,000.00 for Duratech. A copy of the security receipt is attached and marked as Exhibit "B" to this Affidavit.
6. Premiere and the Debtor Companies require time to review the Duratech Offer and conclude the transaction.
7. The Duratech Offer represents an ability for the Debtor Companies to file a viable proposal. I believe that a failed proposal of the Debtor Companies would have a significant negative impact on numerous stakeholders, including the Debtor Companies' creditors.
8. I make this Affidavit in support of an application by the Debtor Companies under the provisions of the BIA for an order extending the time in which to make a proposal.

SWORN BEFORE ME at the City of  
Calgary, in the Province of Alberta,  
this 20<sup>th</sup> day of February 2009.

  
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 A COMMISSIONER FOR OATHS  
 In and for the Province of Alberta

**CRAIG A. McMAHON**  
BARRISTER & SOLICITOR

  
 \_\_\_\_\_  
 RICK SOUTHER

**OFFER TO PURCHASE**

**TO: MEYERS NORRIS PENNY LIMITED, IN ITS CAPACITY AS INTERIM RECEIVER OF PREMIERE MANUFACTURING LTD., AND NOT IN ITS PERSONAL CAPACITY**

1. Duratech Group Inc., of 2920 9<sup>th</sup> Avenue North, Lethbridge, Alberta, (hereinafter "Duratech") offers to purchase the assets and shares of the following companies (hereinafter the "Companies"):

- a. Premiere Manufacturing Ltd.
- b. The Diamond Bullet Corporation
- c. R Environmental Labs Ltd.
- d. DBC International Inc.
- e. Hat Bit Supply Ltd.

(THIS IS EXHIBIT " A " to the Affidavit of

Rick Souther  
Sworn before me this 20<sup>th</sup>

day of February, 20 09

Craig A. McMathion  
A Commissioner for Oaths/Notary Public

**CRAIG A. McMATHION**  
BARRISTER & SOLICITOR

For the purposes of clarity, the term "Assets" as used above shall include, but not be limited to, the inventory, cash-on-hand, receivables, the trade names, and intellectual property of the Companies.

2. In consideration for this offer, Duratech shall discharge the following secured claims:

- a. HSBC Bank of Canada in the amount of \$3,050,000.00
- b. Gowling Lafleur Henderson LLP, Meyers Norris Penny Limited, McCarthy Tetrault LLP, and other professional service providers, in the approximate amount of \$139,000.00, which amount covers accounts receivable and work in progress at this date.
- c. Any and all Deemed Trusts that have arisen in the subject companies as part of the ordinary course of business, which amounts include, but are not limited to, the following approximate amounts (which amounts are subject to audit by the Canada Revenue Agency, Saskatchewan Finance, the Workers' Compensation Board, or other appropriate body):


i. Employee Source Deductions:	\$71,000.00
ii. Goods and Services Tax:	\$31,000.00
iii. Saskatchewan Finance Sales Tax:	\$1,200.00
iv. WCB:	\$4,400.00

3. Duratech will provide \$85,000.00 to fund the proposal to be made by the Companies to its unsecured creditors.

4. Duratech shall pay the purchase price in the following manner:

a. \$50,000.00 cash currently held in trust at the offices of Stringam Denecky LLP at the time of execution of this Term Sheet, which monies shall be non-refundable, to be paid to the Vendor upon satisfaction of the condition precedent in Clause 6(a).

b. \$50,000.00 cash will be paid to the Vendor in weekly installments, beginning the 26th day of February and continuing each week thereafter, which monies shall be non-refundable.

~~c. An amount sufficient to discharge the Secured Claims and all proven Unsecured Claims at a rate of 10% of the claim, which amount will be secured by the Purchaser and paid to the Vendor within 45 days of the date of this Term Sheet.~~ 

d. In the event that the Purchaser is unable to secure adequate financing within the 45 day period, the 45 day term in sub-paragraph 4(c) above can be extended up to a maximum of 4 weeks so long as the Purchaser continues to provide non-refundable weekly payments of \$50,000.00 to the Vendor.

5. Duratech acknowledges that Meyers Norris Penny Limited is currently the Interim Receiver for Premiere Manufacturing Ltd. exclusively, with all other Companies having filed a Notice of Intention pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

6. Duratech acknowledges that this offer to purchase is subject to the following Conditions Precedent:

a. The assignment of all the Companies operating under a Notice of Intention into Interim Receivership.

7. The Purchaser proposes that the Closing of this transaction take place no later than the 31<sup>st</sup> day of May, 2009.

8. The undersigned acknowledges receipt of a copy of the Terms and Conditions of Sale and acknowledges such Terms and Conditions of Sale are deemed to form part of this Offer to Purchase and agrees to be bound by them and covenants and agrees, that should it be the successful Prospective Purchaser, to execute and deliver the applicable form of Asset Purchase Agreement, substantially in the form attached hereto.

Dated at Lethbridge, Alberta, this 19<sup>th</sup> day of February, 2009.

Duratech Group Inc.

per

  
Peter Van Hierden

ATTN: PETER VAN HIERDEN

CRAIG MACMAN

Fax (403) 263-9193

THIS IS EXHIBIT " B "

to the Affidavit of

Rick Seither

Sworn before me this 20<sup>th</sup>

day of February, 20 09

Craig Macman  
Commissioner for Oaths/Notary Public  
in and for the Province of Alberta

CRAIG A. McMAHON  
BARRISTER & SOLICITOR

REÇU DE SÉCURITÉ / SECURITY RECEIPT

FRANK USWYLLÉ  
Barrister and Solicitor  
#23 - 7th Street South  
Lethbridge, Alberta  
T1J 2G4

REÇU DE RECEIVED FROM Outlook Commodities 617432

ADRESSE ADDRESS 300, 000.00 DOLLARS (\$ 300,000.00)

POUR FOR Monetary

DU FROM AU TO N° D'ENR. DE TAXE TAX REG. NO.

MODE DE PAIEMENT - METHOD OF PAYMENT		MONTANT - AMOUNT	
COMPTANT CASH	<u>RB</u>	MONTANT TOTAL TOTAL AMOUNT	
CHÈQUE CHECK	<u>Trust</u>	MONTANT PAYÉ AMOUNT PAID	
MANDAT MONEY ORDER		SOLDE DÙ BALANCE DUE	

PAR BY Prudette

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**SUPPLEMENTAL AFFIDAVIT OF  
RICK SOUTHER**

**Sworn: February 20, 2009**

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GOWLING LAFLEUR HENDERSON LLP  
Barristers & Solicitors  
1400, 700 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4V5  
Responsible Solicitor:  
CRAIG MCMAHON  
Telephone: (403) 298-1874  
Facsimile: (403) 695-3584

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File No.: A114525