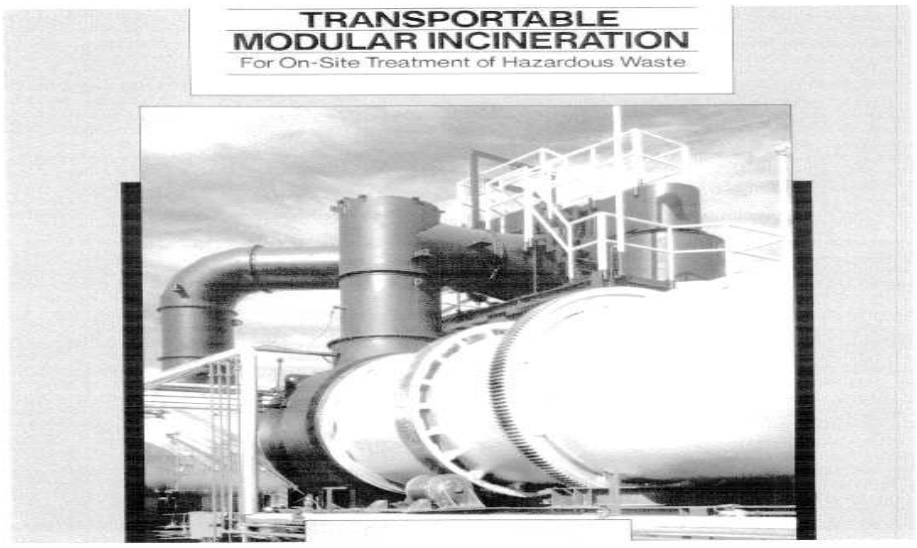
LAG ENVIRONMENTAL

DRAFT Business Plan



February 2012

Note to Reader

The contents of the following Draft Business Plan has Time Sensitive Data and Information which requires Significant UPDATING.

To Be Determined

CONFIDENTIAL

LAG ENVIRONMENTAL

This Business Plan was authorized by, LAG Environmental This proposal contains confidential and proprietary information. No part of this document may be disclosed or reproduced under any circumstances without explicit written permission from the LAG Environmental

This document contains confidential and privileged information intended only for use by:

Name of Reviewer:

Title:

Company:

LAG ENVIRONMENTAL

Receivers Name: _____ Report Copy Number: _____
Address: _____
_____
_____
Tel: _____

Dear Sirs: **RE:** **CONFIDENTIALITY AND NON-DISCLOSURE COVENANTS**

In connection with a possible strategic arrangement and/or investment (whether through a public entity or not) (the "Transaction") involving the provision of business contacts, business plans, technical information, technology, manufacturing and/or marketing processes and plans LAG Environmental (the "Disclosing Party") has disclosed to the undersigned (hereinafter referred to as ("Recipient Party") which information is non-public, confidential and/or proprietary in nature. In consideration of LAG Environmental providing such information to the Recipient Party and each of the undersigned agrees, for a period of two (2) years from the date of the agreement (hereinafter, the "Agreement"), to treat any confidential information in accordance with the provisions of this Agreement and to take or abstain from taking certain other actions hereinafter set forth.

1. The term "Confidential Information" includes all information of the Disclosing Party provided under this Agreement provided, however, that it does not include information which (i) is or becomes generally available to the public other than as a result of a disclosure by the Recipient Party, (ii) was within the Recipient Party's possession on a non-confidential basis prior to its being provided to the Recipient Party by or on behalf of the Disclosing Party, (iii) is or becomes available to the Recipient Party on a non-confidential basis from a source other than the Disclosing Party or its Representatives(as defined below) which source, to the best of the Recipient Party's knowledge, is not prohibited from disclosing such information by a legal, contractual or fiduciary obligation, or (iv) is independently developed by the Recipient Party without the use of the disclosing Party's information.

2. The Recipient Party agrees that it shall use the Confidential Information provided by the Disclosing Party solely for the purpose of evaluating the Transaction, that such Confidential Information will be kept confidential by the Recipient Party and that the Recipient Party will not disclose such Confidential Information provided, however, that (i) the Recipient Party may disclose any of such Confidential Information to which the Disclosing Party gives its prior written consent, and (ii) the Recipient Party may disclose any such Confidential Information to its directors, officers, employees, agents or advisors (including, without limitation, attorneys, accountants, consultants, bankers and financial advisors) as well as those of its affiliates (hereinafter collectively referred to as the "Representatives") who need to know such Confidential Information for the purpose of evaluating the Transaction and who shall be informed of the confidential nature of such Confidential Information.

3. Each item of the Confidential Information shall remain the exclusive property of the Disclosing Party. The Recipient Party and its Representatives shall not use, directly or indirectly, any portion of such Confidential Information, or any summaries or other information derived there from, or any reproductions thereof, except for the purpose of evaluating the Transaction.

4. Without the prior written consent of the other Party, neither party will disclose to any person that discussions or negotiations are taking place concerning the Transaction or any of the terms, conditions or other facts with respect thereto, including the status thereof ("Transaction

Information"). The term "person" as used in this Agreement shall be broadly interpreted to include the media and any corporation, partnership, group, individual or other entity.

5. In the event that the Recipient Party or its Representatives become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process by court order of a competent jurisdiction, or in order to comply with applicable requirements of any stock exchange, government department or agency or other regulatory authority, or requirements of any securities law or regulations or other legal requirements) to disclose any of the Confidential Information provided by the Disclosing Party or any of the Transaction Information, the Recipient Party shall provide the Disclosing Party with prompt written notice of such requirements so that the Disclosing Party may seek a protective order or other appropriate remedy or waive compliance with the terms of this Agreement, which waiver may not be unreasonably withheld. In the event that such protective order or other remedy is not obtained or that the Disclosing Party waives compliance with the provision hereof, the Recipient Party agrees to provide only that portion of the Confidential Information provided by the Disclosing Party and Transaction Information which is legally required and to exercise its reasonable efforts to obtain assurances that confidential treatment will be afforded to such Confidential Information and Transaction Information.

6. The Confidential Information provided by the Disclosing Party shall not be copied, reproduced or summarized in any way or form, or stored in a retrieval systems or database, by the Recipient Party or its Representatives without the prior written consent of the Disclosing Party, except for such copies, reproductions, summaries and storage as are strictly required for the purpose of evaluating the Transaction, it being agreed, however, that such copies, reproductions, summaries and storage shall be accorded the same confidential treatment as the originals thereof. Upon the Disclosing Party's written request, all original or copies of the Confidential Information provided by such Disclosing Party, including that portion of the Confidential Information that consists of notes, analyses, compilations, studies, interpretations or other documents prepared by the Recipient Party and its Representatives, will be promptly destroyed by the Recipient Party and its Representatives. The destruction shall be certified in writing to the Disclosing Party supervising such destruction.

7. The Recipient Party understands that the Disclosing Party has endeavored to include in the Confidential Information those materials which it believes to be reliable and relevant for the purpose of evaluating the Transaction, but the Recipient Party acknowledges that neither Disclosing Party nor its Representatives make representation or warranty, either express or implied, as to the accuracy or completeness of such Confidential Information.

8. The Recipient Party agrees that in the event of a breach or threatened breach of this Agreement by the Recipient Party or its Representatives, where irreparable damages would occur to the Disclosing Party with the amount of potential damages being impossible to ascertain, the Disclosing Party may, in addition to pursuing any remedies provided by law, obtain an injunction against the Recipient Party or its Representatives restraining any such breach or threatened breach of this Agreement or an order of specific performance of this Agreement.

9. The Parties agree that unless and until a definitive agreement regarding the Transaction has been executed by the Parties, neither Party will be under any legal obligation of any kind whatsoever with respect to the Transaction by virtue of this Agreement except for the matters specifically agreed to in this Agreement.

10. Any notices required by this Agreement shall be given in hand, sent by first class mail or forwarded electronically to the applicable address set forth below. Each Party may from time to time specify as its address for purpose of this Agreement any other address upon giving ten 10 days written notice thereof to the other Parties.

In the case of the Disclosing Party:

LAG Environmental
To Be Determined

In the case of the Recipient Party:

_____
_____
_____

11. This Agreement shall be binding upon and ensure to the benefit of the Parties and their respective heirs, executors, administrators, successors and assigns.

12. No amendment to the terms and conditions of this Agreement shall be valid and binding unless made in writing and signed by the parties. The parties agree that if any of the provisions of this Agreement become unenforceable, the remainder of this Agreement shall nevertheless remain binding to the fullest extent possible taking into consideration the proposes and spirit hereof.

13. This Agreement embodies the entire understanding and agreement between the parties with respect to the Confidential Information and supersedes all prior understanding and agreement relating thereto.

14. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario without regard to principles of conflicts of law.

15. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

Please confirm your agreement to the foregoing by signing and returning one copy of this letter to the undersigned.

Dated this __ day of _____, 2011

_____ _____

LAG Environmental Receiver

Authorized Signing Officer Authorized Signing Officer

Mission Statement

LAG Environmental's mission is to offer a safe and permanent solution to the destruction of Polychlorinated Biphenyls (PCB's) and other hazardous wastes which have been eroding Canada's ecological base.

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LAG Environmental will employ proven technology previously used at Smithville, Ontario remediation. LAG Environmental proposes to construct and operate an approved permanent destruction/treatment facility to be located in Ontario

The LAG-1000 system generates up to 50,000,000 BTU's of thermal energy in the form of steam. This energy can be harnessed by means of electrical turbine generator(s).

MANAGEMENT *39*

The highly skilled, well-balanced team of business executives and technical visionaries will successfully develop and construct a waste management company capable of effectively establishing dominance in the Ontario market as the best solution for the destruction of PCB's.

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EXECUTIVE SUMMARY

OVERVIEW

LAG Environmental ("LAG Environmental" or the "Company") has secured Ensco's LAG-1000 incinerator system technology and operating license (Ontario, Canada). The technology is a rotary-kiln incineration process (the "Technology") capable of permanently destroying **P**oly**C**hlorinated **B**iphenyls ("PCB") and other hazardous waste materials (i.e. dioxins, furans, etc.).

The Company's objective is to offer a permanent, efficient and economical solution for the safe destruction of high concentration PCB's and other hazardous waste materials contained in land and in current storage facility sites in Ontario.

The Technology is proven(in the U.S.) and was previously approved for use by the Ministry of Environment and Energy of Ontario, for a site in Smithville, Ontario in 1991. Based on this Ontario experience (successful extensive formal approval process and 18 months of operations), LAG Environmental enjoys a current Certificate of Approval dated December 14th, 2000 (see Appendix A for Certificate of Approval).

LAG Environmental's growth will be fostered by the recent ban on PCBs from landfills in Canada and the United States, and Government of Canada and Ontario pending legislation requiring the removal and destruction of all PCB's from service and/or storage by December 2008 (see Appendix A).

Current Status

LAG Environmental is now seeking to capitalize on its unique, developed, commercialized toxic waste destruction technology capitalizing initially on the huge untapped PCB market in Ontario. Ontario is committed to clean up industrial PCB waste stockpiles by December 2008 and the commercial potential is $ 500M based on known, voluntarily listed waste sites.

LAG Environmental has and enjoys a current Certificate of Approval (dated December 14th, 2000), for its unique technology, from the Ministry of Environment and Energy (Ontario). Receiving a Certificate of Approval from the Ministry of Environment and Energy (Ontario) is a long and costly process, which is the envy of many of the large, well, established waste companies (see Appendix 4 for Approvals Process). This approval allows **LAG Environmental** to locate a system, at any Ministry approved site, anywhere in Ontario. **LAG Environmental** is currently in the final planning stage of constructing and operating a LAG-1000 system at Colborne, Ontario. The value of this Ministry of Environment and Energy (Ontario) approval is estimated to be well in excess of $ x.

LAG Environmental's is the only technology, which is Ministry approved, that meets and exceeds existing environmental requirements by providing secure total destruction of high level hazardous wastes with sterilized ash and steam being the only by-products.

LAG Environmental's technology is readily suitable for electrical co-generation and steam delivery (heating and cooling).

LAG Environmental will be the only full service technology for the handling of virtually all hazardous waste in Ontario. **LAG Environmental's** technology has the ability to provide an immediate solution to the Toronto municipal waste disposal controversy and at the same time delivering steam for heating/cooling and/or generating electrical power.

LAG Environmental has assets of (to be determined) including a Ministry of Environment and Energy- Ontario operating license.

It was announced on October 19, 2000 that Bovar Inc. (a TSE listed company) **has ceased operation (as of December 31, 2000).** Bovar Inc. owns and operates the only existing Canadian high level hazardous waste incinerator, located at Swan Hills, Alberta (competition for LAG Environmental virtually non existent). As an interim measure (for 2001), the Alberta Government retained the services of Sensor Environmental Services Ltd. (under management contract for 1 year) to operate the Swan Hills facility. In the event that Sensor (or other) is to continue the operation, LAG Environmental still enjoys a geographical advantage (i.e. transportation savings) and a lower operating cost advantage. Recent media releases indicated possible employee layoffs at the facility.

In summary, **LAG Environmental's** competitive market advantages are highlighted as follows:

- owns an exclusive thermal oxidation technology that is able to handle a wide range of hazardous waste (from low level radioactive to high level PCB and Dioxin and Furans);
- technology fully licensed and approved by The Ministry of Environment and Energy (Ontario);
- technology fully licensed and approved by the United States E.P.A. (Environmental Protection Agency);
- plans underway to construct and operate a LAG-1000 system on a currently Ministry-approved ideal site in Ontario (Agreement in place);
- Strategic alliance with PCB transfer station (current (to be determined) revenues and future revenues steam committed to LAG Environmental);
- Acquisition Agreement in place with a leading PCB waste handler (current revenue stream of (to be determined);
- technology currently operating in the U.S.A.
- key corporate strategic alliances are in place;
- two leading consulting engineering firms have reviewed the technology and confirm that the technology is state-of-the-art, today;

- no competition in Ontario (only Sensor in Alberta);
- technology is transportable;
- technology is well-suited to handle municipal wastes and hospital wastes;
- technology is well-suited to provide on-site soil remediation for a wide range of land contamination issues (brown fields);
- technology capable of electrical co-generation;
- technology capable of steam delivery; negotiations currently underway with a large District Energy Company for the pre-purchase of 4+ years of steam, at a value of (to be determined0; (development of binding Memorandum of Understanding is currently underway);

Hazardous Waste Market in Ontario and Canada

The Ministry of Environment and Energy also regulates all wastes, the generators of all wastes and the operations of waste disposal systems and technologies by granting Certificates of Approvals.

One such hazardous waste designated **243D (Polychlorinated biphenyls)** is to be registered by the owners/generators with the Ministry of Environment and Energy. A database exists and indicates in excess of 100,000 tonnes of PCB wastes are currently registered (Ministry database available). The Ministry of Environment and Energy itself has a stockpile of 64,000 tonnes located near London, Ontario.

PCB wastes can only be destroyed through high temperature incineration. High temperature incineration technologies/systems are limited in Ontario and Canada. Bennett Environmental Services Inc. currently operates a system in Quebec. This system has limited capabilities and can only process low-level, PCB-contaminated soils (< 500 parts per million). Sensor's facility at Swan Hills, Alberta can handle the complete range of hazardous waste, including high-level PCBs.

Therefore, one-stop hazardous waste treatment facilities are non-existent in Ontario and only one in Canada (Swan Hills, Alberta). The Swan Hills facility has been in operation for 30 years and is jointly owned by the Government of Alberta and private concerns. In 1998, the Swan Hills facility processed 30,000 tonnes of waste (revenues of (to be determined). It is estimated the 75% of that waste originated in Ontario. This facility is currently experiencing operational difficulties and is under new management (for 2001); its future status is uncertain.

It is important to emphasize that PCB wastes are one of the many waste streams that are destroyed by the LAG-1000 technology. Although PCBs are the initial focus and target of LAG Environmental's business plan, other potentially lucrative waste streams will be targeted at the appropriate time.

Hazardous Waste Brokers/Handlers in Ontario/Canada

In Canada, there are approximately 12 (major) licensed brokers/handlers of PCB wastes. These handlers, on behalf of waste generators/owners, provide safe packaging, transport and disposal services and must comply with all applicable federal and provincial regulations and guidelines.

LAG Environmental has formed key strategic alliances/partnerships with 4 of the handlers/brokers of hazardous waste in order to acquire a significant market share in the quickest and most efficient way.

Acquisition of Hazardous Waste via Strategic Alliances

LAG Environmental has current, strategic alliances (and pursuing several other) with 4, successful; operating companies that handle hazardous waste including PCB wastes. Two in place agreements includes the complete acquisition of the companies or the first right of refusal. Once LAG Environmental is fully operational and exercises its alliance/acquisition rights, all the hazardous waste currently handled by LAG Environmental's strategic partners will become part of LAG Environmental's inventory.

Two major such Agreements are currently in place. One acquisition agreement will enable LAG Environmental to acquire 100% (including its revenue stream) of a successfully operating company. This company has (in September 2001 alone) closed $500,000+ in contract sales) and currently is reviewing 41+ other tenders. The second Agreement will enable the acquisition of a company's revenue steam, in return for a portion of LAG Environmental's future operating revenues. LAG Environmental also has the first right of refusal to acquire (100%) of this successfully operating company.

Positive Affects of Pending Legislation

Pending legislation on Hazardous Waste (Environment Canada) will dramatically increase the quantities of hazardous waste in Canada. For example the threshold limits for classification of PCB waste (e.g. 50 parts per million is to be reduced to 5 parts per million). This change alone will significantly increase the amount of PCB waste that will require incineration. In addition, all PCB waste must be eliminated by December 2008.

The generators/owners of PCB wastes are the who's who of Corporate Canada (e.g. All Municipalities and Hydro Commissions, General Electric, Westinghouse, TTC, Inco, Stelco, etc. (see Appendix 5 PCB Disposal Inc.'s current client list).

Remediation of Contaminated Lands

Contaminated land is a byproduct of industrialization and is a phenomenon that we as a society, have not come to grips with. In Ontario alone there are 2,000+ contaminated sites of varying degree of contamination and size. In the media, a great deal is currently being discussed due to the Toronto 2008 Olympics bid aftermath. The proposal was to locate Olympic facilities on downtown Toronto lands (.e.g. Railway Lands, and others). The problem was and still is that the majority of desirable Olympic lands are not suitable for constructions because of hazardous soil contamination.

All three level of government have committed (demonstrated by the appointment of Mr. Robert Fung: agency established July 2001) to the clean up of such Toronto lands. LAG Environmental's technology is capable of remediating the majority of the contaminated lands.

The magnitude and size of this waste stream is not fully reflected in LAG Environmental's current business plan. It is estimated that the size of the soil remediation market is several $billion. This virtually unexplored, untapped market can only be viewed as positive for LAG Environmental's future business initiatives. In short our market is growing!

Other Opportunities

The Technology is capable of high volume/continuous energy delivery in the form of supersaturated pressurized steam. Discussions are currently underway (development of binding Memorandum of Understanding), specifically related to a joint venture relationship for continuous steam delivery to a large North American District Energy Corporation. The negotiations includes the pre purchase of 4+ years of steam (value of $x).

The Memorandum of Understanding is expected to receive Board of Directors' review/approval in October 2001. This potential has not been reflected in the current financial projections.

MANAGEMENT

The principals are uniquely qualified to manage this opportunity and will gain advice from professional advisors, strategic partners, and a think tank of experts. LAG Environmental's highly skilled, well-balanced team of business executives and technical visionaries will successfully develop and construct a waste management company, capable of effectively establishing dominance in the Ontario market as the best solution for the destruction of PCB. The Members of LAG Environmental includes: (Curriculum Vitae see Appendix 3)

To be announced	President and CEO
To be announced	CFO
To be announced,	Manger of Operations
To be announced	Vice President of Sales and Marketing
To be announced,	Manager of Plant Operations
To be announced	Manager of Transportation

Including a highly skilled staff of 20 craftsmen (at beginning of plant operations) and 40 craftsmen (at full production). Craftsmen include (lab technicians, process operators, plumbers, electricians, stationary engineers, etc.)

Other key management positions (e.g. Manger of process control) also under consideration)

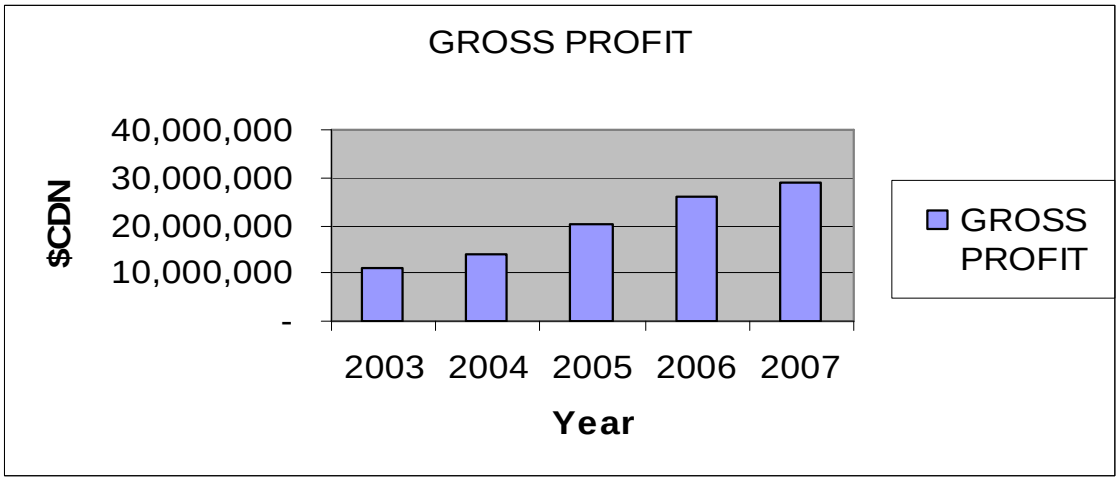
FINANCIAL HIGHLIGHTS

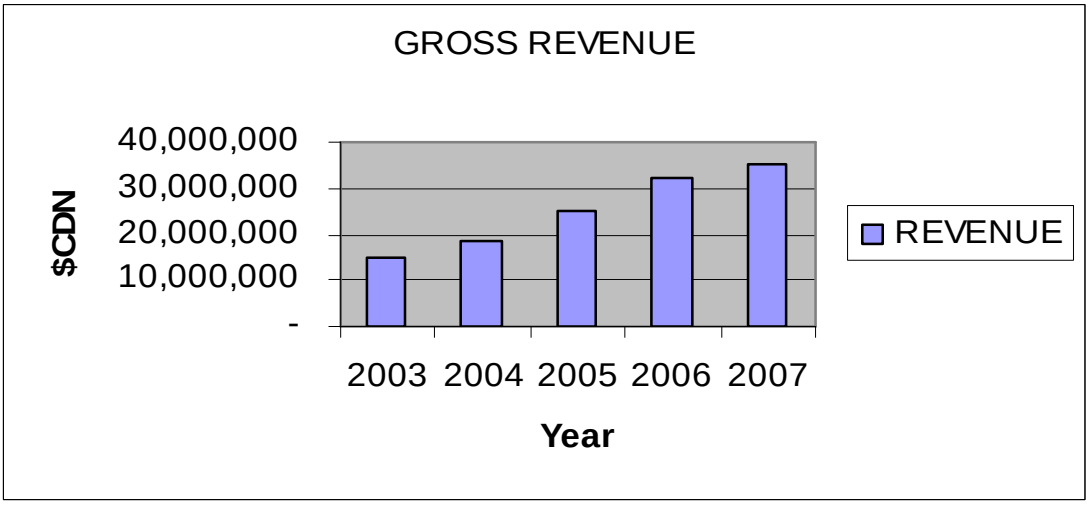
Corporate Positioning for Public Trading:

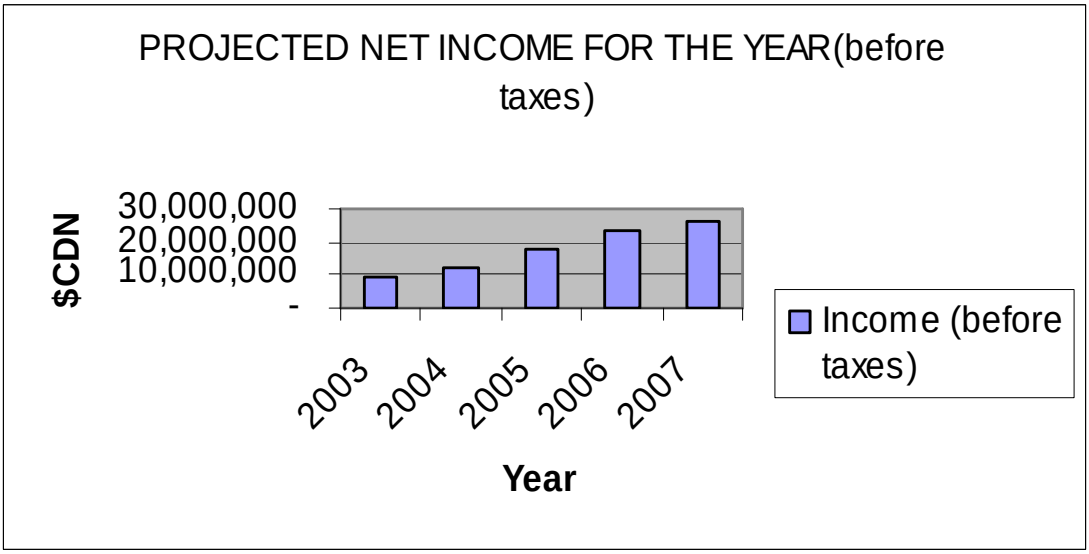
LAG Environmental has completed all necessary documents (SEC filings) required in order to achieve public trading on a U.S. exchange. Additional SEC filings are pending and required in order to finalize the process. The public vehicle selected is a **NASDAQ** listing (electronic bulletin board, fully quoted).

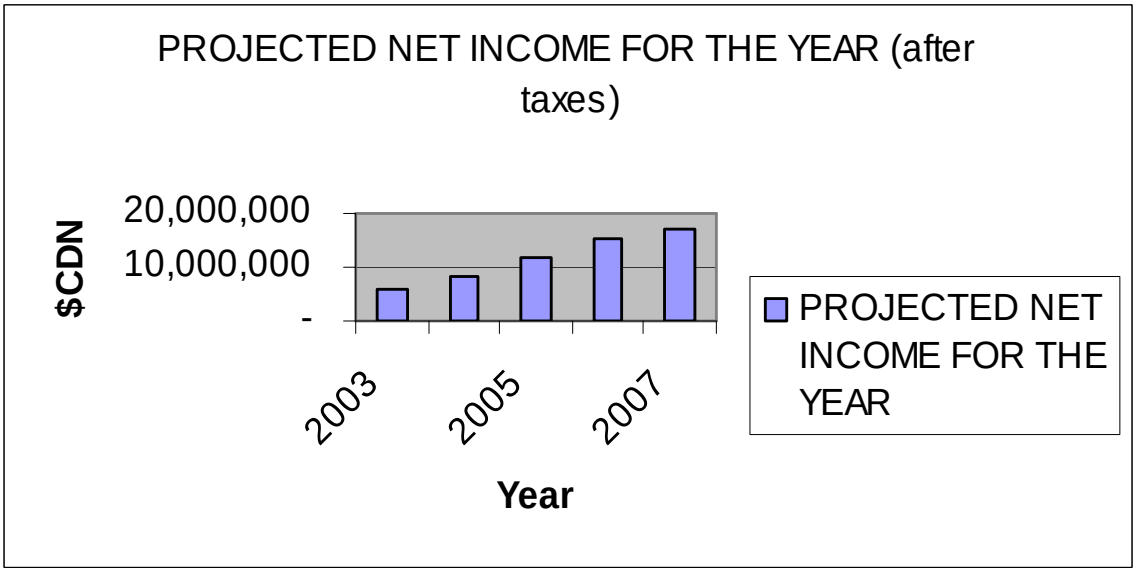
(see Appendix 1 Financial Projections)

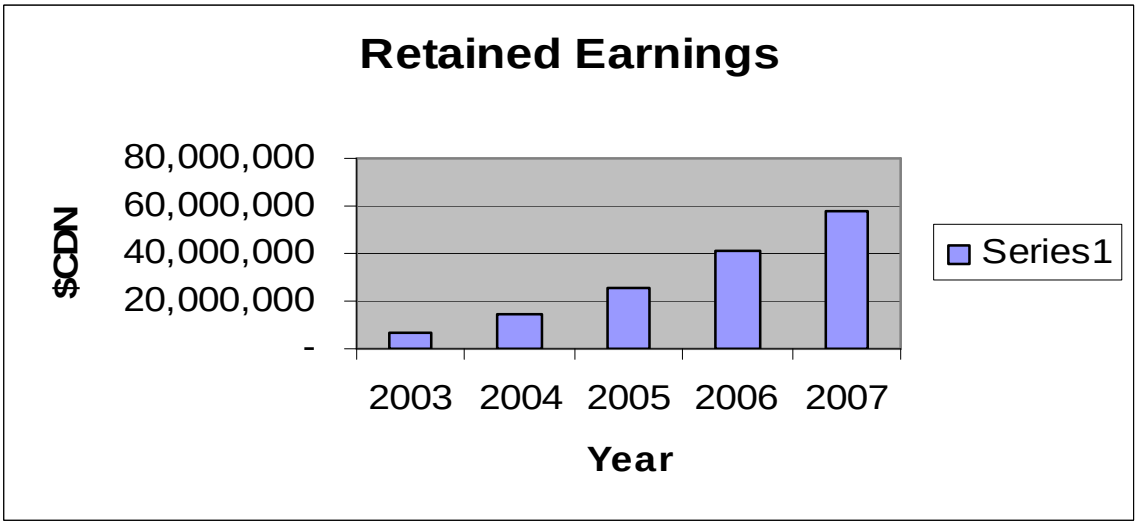
- Shareholders' Equity as of June 2002
  - Equipment
  - Ministry License
- Total Capital requiring financing (Phased) $
  - Total Phase I $
  - Total Phase II $











MAIN INTRODUCTION

This business plan was developed to serve as an introduction to LAG Environmental's unique environmental technology dedicated to cleaning the environment with respect to hazardous waste.

LAG Environmental's objective is to offer an immediate, safe, efficient, complete and economical solution to industries, governments and the military. LAG Environmental's thermal chemical decomposition plant is able to safely handle hazardous waste materials contained in land and in current storage facility sites.

The savings of millions of dollars from the elimination of hazardous waste storage facilities helps to justify the safe destruction of these wastes, improve health and reduce long-term environmental risk.

In 1985, the Provincial Government authorities discovered the major degradation of Polychlorinated Biphenyl (PCB) storage facility at Smithville, Ontario. PCB's stored at the facility were found to be leaching into the surrounding area. The highly contaminated PCB clean up by the Ontario Ministry of Environment and Energy at Smithville, Ontario utilized the government approved LAG-1000 technology to destroy 18,000 tonnes of PCB material including soils, shredded electrical equipment and liquids. The facility was in operation for a period of 18 months (early 1990's).

For political reasons (during the Bob Ray NDP Administration) the Technology, once it had completed its mission, was ordered to return to the U.S. LAG Environmental proposes to utilize this same proven technology to decontaminate many hazardous wastes streams including PCB's.

SERVICES OFFERED

LAG Environmental has secured the rights to the LAG-1000 from x. Ensco Inc. of Little Rock Arkansas, was the original developer of the technology.

The LAG-1000 is a rotary kiln thermal chemical decomposition plant that destroys many types of hazardous waste. The LAG-1000 process meets all regulations of the United States Environmental Protection Agency (USEPA) and the Ontario Ministry of Environment and Energy.

This technology is to be equipped/enhanced with state of the art digital computer instrumentation to ensure Ministry requirements are met throughout the process both for air quality, to the atmosphere and the remaining levels of waste and residue characterizations.

The technology is able to operate in a fixed base environment (in a building) at a permanent location and in a transportable/mobile fashion.

The fixed-base operating environment would consist of a permanent location and the system would be constructed inside a building. The fixed base is intended for long term processing.

A transportable/mobile system can be moved, assembled and operated either at a contaminated site or in the vicinity of high volume stored contaminated materials. Once the site is remediated or the repository of materials is satisfactorily dealt with, the system can be disassembled and relocated elsewhere.

The LAG-1000 system generates up to 50,000,000 BTU's of thermal energy in the form of steam. The potential electrical energy is estimated at up to 14,000 kw/h or 14 mw (megawatts)/h. The sale of electrical power currently is in the range of $0.05 - $0.08 per kwh.

The technology has not previously operated in a co-generation mode. The generation of electrical power is planned to be added in Phase II, once the base plant is up and operating.

An on-site laboratory will be incorporated, appropriately equipped, in order that the characterization of incoming wastes and process residues can be performed including a complete waste tracking and quality control service (complying with ISO 9002 and ISO 14000).

LAG ENVIRONMENTAL'S ADVANTAGES

LAG Environmental enjoys several competitive advantages over all other existing related technologies. The LAG-1000 technology has successfully operated previously in Ontario (1991 Smithville) Mississippi, Arkansas, Illinois, Florida, New Jersey, etc. (see Appendix 2 Technical Data) and Appendix A EPA report)

1. **Technical** : meets and exceeds all air emissions requirements of The Ministry of Environment and Energy (Ontario). Environmental regulations with a Destruction Removal Efficiency (DRE) of 99.9999998% based on actual operational, verifiable documented performance (see Appendix A). This technology has the inherent ability to generate up to 14 mw, of electrical power or 25,000 lbs/hr of supersaturated steam.

2. **Approvals**: Certificate of Approval (dated December 14th, 2000) from The Ministry of Environment and Energy Ontario.

3. **Financial**:

- Total Capital Cost of CDN$ x (phased) with associated efficient Operating Cost of $76/tonne to $176/tonne of waste material processed.
- Revenue from the sale of electrical power (conservative estimate incorporated in financial projections).
- Revenue from operating of transportable/mobile processing system (not included).
- Revenue from international joint ventures of Turn-Key Facilities (not included).
- Revenue from the rehabilitation of contaminated lands (e.g. Toronto Harbour Front) (not included).

COMPETITIVE POSITION

LAG Environmental's competitive advantage is to offer a permanent solution to the serious problem of handling hazardous waste:

- LAG Environmental is projected to be the lowest cost one-stop operator in the remediation market.
- LAG Environmental has nominal direct competition since it proposes to tackle a niche market with high value-added content.
- The company is initially focused primarily on PCB waste treatment, which allows LAG Environmental to operate at efficiency levels far above its competitors.
- The recent changes in law that are fostering LAG Environmental's potential growth are the recent ban on PCB landfills in Canada and the United States.
- LAG Environmental enjoys significant geographical advantages due to its favorable location. The greater majority of the PCB contaminated soils in the US and Canada can be accommodated by the Ontario facility.
- LAG Environmental is employing proven certified technology (i.e. approved by Ministry of Environment and Energy of Ontario and Environmental Protection Agency for all US States).

In Ontario LAG does not have any direct competitor for total permanent destruction of PCB's and other toxic wastes however, there exist a variety of companies in Ontario and across Canada that offer PCB management options (e.g. Bennett Environmental Services Inc.).

In Canada, there existed two permanent incineration facilities for the treatment and destruction of PCBs and other toxic waste. One is located at Swan Hills, Alberta operated by Sensor Inc. (previously known as Bovar Inc.) which can handle high-level contaminated materials and the other is Bennett Environmental, which operates from Saint-Ambroise, Quebec and can handle only low-level contaminated waste.

M A R K E T O V E R V I E W

DISCUSSION

Uncontrolled use and disposal of PCB compounds has resulted in widespread contamination of the environment

SUMMARY OF INVENTORY

Summary of Environment Canada nationwide PCB inventory at year-end 1993/99.

METHODS OF TREATMENT OF HAZERDOUS WASTE

1. Soil-washing with solvents
2. Landfill
3. Cement-Kiln Remediation
4. Bio-Remediation
5. High-Temperature Thermal Oxidation

MARKET- PRINCIPAL SEGMENTS

1. Petroleum Contaminated Soils
2. Petroleum Contaminated Waste
3. Hazardous Waste

MARKET OVERVIEW

MARKETING CONCEPT

LAG Environmental's highly focused marketing and sales strategy will permit the company to effectively establish market dominance in Ontario as the best solution for PCB destruction. LAG Environmental's principals have investigated with the major PCB owners in Ontario and have received favorable response. Long-term potential strategic alliances/partnerships have been established with the goal to accelerate the positive cash flow cycle once the Ontario plant begins operations.

The total North American waste service industry is estimated to be US$40 billion in 1997, of which the US market for remediation services is about US$8 billion (Farkas, Berkowitz & Co, 1998). The waste service industry matured over the 80's and early 90's, forcing consolidation among the key players.

The hazardous waste market in Canada is comprised primarily of toxic wastes in storage and in land sites in Canada. In Ontario there are over 1,500 registered low and high-level concentration PCB and toxic waste storage sites. These sites are comprised of PCB liquids, electrical equipment, and contaminated soils.

Storage of PCB is a temporary solution. In Ontario alone there exists over 100,000 metric tonnes of PCB contaminants that are registered with the Ministry of Environment and Energy. The actual inventory of PCB contaminants could be greater than the registered inventory of PCB.

MARKET OPPORTUNITY

In September 1988 Environment Canada issued the "Storage of PCB Wastes Interim Order" under the Canadian Environmental Protection Act to establish proper storage methods for PCB wastes. As a result there are currently over 3,000 registered hazardous waste storage sites across Canada. In Ontario alone there are approximately 1,500 registered PCB and toxic waste storage installations that require expensive supervision, monitoring, and maintenance.

Storage facilities in Ontario house a total amount of over 100,000 tonnes of highly toxic wastes, including PCB liquids, electrical equipment and contaminated soils. Disposal and destruction of this waste remains a concern in Canada, as storage cannot be looked upon as a long-term solution to the PCB disposal problem.

Environment Canada drafted proposed legislation in February 1999 that would require all PCB equipment and materials currently in service and/or storage to be removed by 2008 and permanently disposed of by 2009. Indications are that this legislation expected to pass in 2001.

LAG Environmental will capitalize on the growth in demand for the Company's services that this legislation will create. In Ontario, LAG Environmental does not have any direct competition for total permanent destruction of PCB's and other toxic wastes. In Canada, there are two permanent incineration facilities for the treatment and destruction of PCB's. One is located in Swan Hills, Alberta operated by Sensor, formerly Bovar Inc. (publicly traded on the TSE). The other is Bennett Environmental Services Inc. (publicly traded on the TSE), which operates from Saint-Ambroise, Quebec.

- PCB data from Environment Canada and Ministry of Environment and Energy (Ontario) estimates $500 million of PCB waste still in Canadian market.
- 40% of Canadian PCBs are in Ontario.
- In Ontario there are over 1,500 registered low and high-level concentration PCB and toxic waste storage sites. These sites are comprised of PCB liquids, electrical equipment, and contaminated soils.
- Ontario Industries generate more than 4 million tonnes of toxic waste where high-level temperature destruction is the only solution.
- There are 2,000+ known contaminated land sites in Ontario alone and in Canada this represents
- $20-$75 billion for clean-up costs. * e.g. Toronto Harbor Front, contaminated lands clean up. (see Appendix 6 Market Supplemental)

- The hazardous waste market in Canada is comprised primarily of toxic wastes in storage and in land sites in Canada

DISCUSSION

Polychlorinated Biphenyls (PCB) are synthetic liquid chemical compounds consisting of chlorine, carbon and hydrogen. Their insulating and fire resistant properties make them ideally suited for use as cooling and insulating fluids in industrial transformers and capacitors, in hydraulic and heat transfer systems, and in products such as plasticizers, rubbers, inks, and waxes. PCB's were widely used for over 50 years until their potential danger to the environment became apparent in the mid-1970's. Uncontrolled use and disposal of these compounds has resulted in widespread contamination of the environment.

In Canada, the Federal and Provincial governments have taken a number of steps to address the PCB problem. The Canadian Environmental Protection Act (CEPA) banned or restricted the manufacture, sale and use of PCB and PCB containing equipment and set limits on the release of this hazardous waste into the environment.

The purpose of these regulations is to restrict the use of PCBs in existing electrical equipment by:

- Prohibiting the import and manufacture of any PCB filled equipment.
- Prohibiting the operation of PCB filled equipment such as electromagnets in the handling of food and feed.
- Prohibiting the use of PCBs as a new filling or make-up fluid in any equipment.

The federal government issued the "Storage of PCB Wastes Interim Order" under the Canadian Environmental Protection Act (CEPA) Part II. Across Canada there are over 3,000 registered hazardous waste storage sites. In eastern Canada there are over 2,000 known registered PCB and toxic waste storage installations, requiring expensive supervision, monitoring and maintenance. In Ontario, there are approximately 1,500 PCB sites inventoried in 1999, comprising a total of:

13,000	TONNES OF ELECTRICAL EQUIPMENT
4,500	TONNES OF PCB LIQUIDS
94,000	TONNES OF CONTAMINATED SOILS
1,500	TONNES OF MISCELLANEOUS MATERIALS

The total amount is over 100,000 tonnes of highly toxic wastes. It is important to note that these represent only registered sites and the true inventoried number could be higher. Many more thousand of tonnes of PCB waste are currently in service. Although the Canadian Environmental Protection Act (CEPA) has been implemented, over the past 20 years the disposal and destruction for these wastes remains a concern in Canada.

There is a joint federal-provincial responsibility in Canada to compile PCB inventory data.

Environment Canada tracks in-use PCBs and federally owned PCBs, the provinces tracks other PCB waste storage facilities. The individual PCB owners provide storage for their own use. There are few commercial contract storage sites. Inspections of storage sites by federal or provincial regulatory inspectors take place on an annual basis. However, storage should not be looked upon as a long-term solution to the PCB disposal problem. The readily accessible PCB destruction/treatment operations in Canada have been very limited.

TREATMENT OF HAZERDOUS WASTE

Soil-washing with solvents: this method introduced solvents which were hazardous and added a source of further contamination, this method was expensive, incomplete and no longer an alternative.

Landfill: the disposing of wastes in landfill sites is no longer an alternative since the regulations set out a maximum of 50 parts per million (ppm), by weight of PCBs is the general release prohibition.

Cement-Kiln Remediation: This method is limited to waste that will produce acceptable asphalt. New requirements for air pollution equipment have caused most cement companies to withdraw from the market.

Bio-Remediation: reduces contamination by allowing bacteria to consume hydrocarbon contaminant. This method is limited to contamination levels below 15,000 ppm. Even then, the process requires significant time to be effective and will not completely eliminate the contaminant. In cold climates the bacterial process is further slowed.

High-Temperature Thermal Oxidation: consists of oxidizing waste material in an incinerator. This method has emerged as the technology of choice for destruction of contaminating waste. It can handle most kinds of organic wastes and produces decontaminated soil without organic residue, minimizing liabilities, which is the primary concern to waste generators.

MARKET - PRINCIPAL SEGMENTS

There are three major principal segments in the market:

1. Petroleum contaminated soils

Low concentration of light hydrocarbons, such as gasoline, jet fuel and light diesel.

Gas station sites and other underground storage tank sites are typical producers of such soils. In the U.S., a significant competitive industry has developed in remediation of light contaminated soils. The processing fee at facility serving this market ranges from US$80 to US$200 per tonne. As of April 2001 the regulation (Ontario Regulation 558 Benzene) has changed thereby disposal of hydrocarbon contaminated soils can only be done at a hazardous landfill only). This implies that there are potentially, additional sources of revenue for LAG Environmental.

2. Petroleum contaminated waste

High concentration of heavy hydrocarbons.

Since the technology needed for remediation of these kinds of soils is more capital intensive, prices for remediation vary from US$100 to US$250 per tonne. Recent changes to Regulation 558 also apply.

3. Hazardous waste

This market includes wastes contaminated with or consisting of certain hydrocarbons, tars, sludge, chemicals PCBs, PCPs, etc. but excludes municipal garbage, medical and infectious waste. The processing fees at a facility range from US$200 to US$3,000 per tonne.

SUMMARY OF REGISTERED INVENTORY

A summary of Environment Canada (Environment Canada, 1999) nationwide PCB inventory at year-end 1999 is as follows:

Note: these statistics do not include other toxic and hazardous wastes; and do not include unregistered sites.

In Use	
Askarel Liquids (excluding fluorescent light ballasts)	11,500 tonnes
Askarel equipment (mainly transformers and capacitors)	24,900 tonnes (drained weight)
Contaminated mineral oil	2,160 tonnes
Contaminated mineral oil transformers	7,130 tonnes (drained weight)
In Storage	
Askarel liquids in storage	6,260 tonnes
Askarel equipment in storage (mainly transformers and capacitors)	8,980 tonnes (drained weight)
Contaminated mineral oil in storage	3,800 tonnes
Miscellaneous PCB Wastes in storage including: 95,718 metric tonnes of soil 6,328 metric tonnes of light ballast 1,538 metric tonnes of other drained equipment 4,364 metric tonnes of miscellaneous waste	
Total	108,000 tonnes
Total PCB materials	172,800 tonnes

With few treatment/destruction options available for most PCB categories in inventory (with the exception of contaminated mineral oil and associated transformers) the total of both in-use and in-storage quantities have remained constant since 1993.

REGISTERED LOW CONCENTRATION PCB MATERIAL TONNAGE*

DESCRIPTION Low Concentration PCBs	Tonnes
Weight of bulk liquid (L)	1,499.54
Weight of liquid in transformer (Kg)	119.90
Number of transformers	
Number of drums of soil	
Weight of drums of soil (Kg)	690.59
Calculated weight* of drums of soil (Kg)	892.24
Weight of soil (not in drums) (Kg)	86,199.82
Number of drums of other material	
Weight of drums of other material (Kg)	15.51
Calculated weight* of drums of other material (Kg)	331.32
Weight of other material (not in drums) (Kg)	71.68
Total	89,820.61

* Source Ministry of Environment and Energy Ontario Inventory of PCB Storage Sites -- July 1999

REGISTERED HIGH CONCENTRATION PCB MATERIAL TONNAGE*

DESCRIPTION High Concentration PCBs	Tonnes
Weight of bulk liquid (L)	559.37
Weight of liquid in transformer	482.81
Number of transformers	
Number of drums of ballasts	
Weight of drums of ballasts (Kg)	232.90
Calculated weight* of drums of ballasts (Kg)	3,075.34
Number of capacitors	
Weight of capacitors (Kg)	2,488.57
Number of drums of soil	
Weight of drums of soil (Kg)	67.40
Calculated weight* of drums of soil (Kg)	128.60
Weight of soil (not in drums) (Kg)	1,047.19
Number of drums of other material	
Weight of drums of other material (Kg)	8.52
Calculated weight* of drums of other material (Kg)	65.03
Weight of other material (not in drums) (Kg)	688.44
TOTAL WEIGHT	8,844.16

S A L E S

DISCUSSION

Our senior management team who has contacts with key waste owners and generators recorded with the Ministry of Environment and Energy of Ontario will handle Key Sales.

The sales process involves making sales presentations and arranging safe transportation to the plant.

PROJECTED REVENUE AND PRODUCTION ASSUMPTIONS

Projected Revenue.

Production Assumptions: 240 tonnes per day at full production, 100 tonnes per day at start up production, 220 days actual production per year at three shifts per day at eight hours per shift.

GENERATION OF ELECTRICAL POWER

The LAG-1000 also has the inherent ability to generate 14,000kw/h of electrical energy, therefore generating a revenue from the sale of electrical power is estimated at $ x.

SALES

DISCUSSION

Our senior management team with key contacts with waste owners and generators will handle Key Sales.

The Sales process involves making sales presentations and arranging safe transportation of materials to the plant.

LAG Environmental will be launching a PR campaign, advertising campaign, making public appearances and introduce services at trade shows including the Solid Waste Association of North America (SWANA) and trade publications.

PROJECTED REVENUE AND PRODUCTION ASSUMPTIONS

FIXED BASE SYSTEM: PRODUCTION CAPACITY

Daily Tonnage Production	Days of Operation (Annually)	Average Revenue/Tonne	Total Annual Tonnes	Total Revenue
100*	220	$1,495	22,000	$32,891,000
240**	330	$1,495	79,200	$118,404,000

*Financial model based on this assumption (28% of full capacity) ** full capacity

CATEGORY OF WASTE	TONNES	$/TONNE	$REVENUE
PCB electrical	2,530	$ 2,500	$ 6,325,000
PCB liquids	935	$ 1,900	$ 1,776,500
Contaminated soils	11,000	$ 2,000	$22,000,000
Other hazardous wastes	880	$ 1,300	$ 1,144,000
Other industrial wastes	3,080	$ 70	$ 215,600
Hospital Waste	3,575	$ 400	$ 1,430,000
Total	22,000	$ 1,495	$32,891,100

ANNUAL UTILIZATION OF PRODUCTION CAPACITY AND PRODUCTION ASSUMPTIONS

(1) YEAR ONE	(40%) OF ACTUAL PRODUCTION CAPACITY
(2) YEAR TWO	(50%) OF ACTUAL PRODUCTION CAPACITY
(3) YEAR THREE	(70%) OF ACTUAL PRODUCTION CAPACITY
(4) YEAR FOUR	(90%) OF ACTUAL PRODUCTION CAPACITY
(5) YEAR FIVE	(100%) PRODUCTION CAPACITY

GENERATION OF ELECTRICAL POWER

The LAG-1000 system generates up to 50,000,000 BTU's of thermal energy in the form of steam. This energy can be harnessed by means of electrical turbine generator(s). The potential electrical energy is estimated at 14,000kw/h or 14mw(megawatts)/h. The sale of electrical power, currently is in the range of $0.06-$0.08 per kWh.

Sale of electric power	Sale of energy per hr.	Sale of energy per day	Sale of energy per year
$0.06 per kw/h	$840	$20,160	$6,652,800
$0.08 per kw/h	$1,120	$26,880	$8,870,400

Therefore the revenue from the sale of electrical power is estimated at $6,650,000.00 to $8,800,000.00 annually; for Business Plan purposes a conservative annual revenue of $2,000,000 has been assumed.

OPERATIONS AND PROVEN TECHNOLOGY

DISCUSSION

LAG Environmental will employ proven technology previously used at Smithville, Ontario remediation. LAG Environmental proposes to construct and operate an approved permanent destruction/treatment facility to be located in Ontario

The LAG-1000 system generates up to 50,000,000 BTU's of thermal energy in the form of steam. This energy can be harnessed by means of electrical turbine generator(s).

OPERATION PROCESS

1. Waste is transported to the facility where it is prepared. It enters a rotary kiln primary combustion chamber, which operates at approx. 1,800° F. The Toxic materials are vaporized to combustible gases.

2. The gases enter a second combustion chamber or oxidizer where air is injected and complete oxidation occurs above 2,300° F.

3. The treated soil and/or other materials are recovered, verified, and classified for reuse.

SYSTEM SAFEGUARD

The LAG-1000 is equipped with an automatic feed shut off safeguard system that instantly stops all waste feeds to he processor should any pre-set conditions not be met.

OPERATIONS AND PROVEN TECHNOLOGY

SUMMARY OF TECHNOLOGY (see Appendix 2 Technical Data)

The Technology is a rotary-kiln incineration process that was designed and developed in the United States by Ensco Inc. of Little Rock, Arkansas in the early 1980's. The Technology's operating process can be summarized as follows:

1. Waste is transported to the facility where it is prepared. It enters the rotary kiln primary combustion chamber, which operates at approximately 1800°F. Toxic materials are vaporized to combustible gases.
2. Gases enter a second combustion chamber where air is injected and complete oxidation occurs above 2300° F.
3. The treated soil and/or other materials are recovered, verified, and classified for reuse.
4. The Technology generates up to 50 million BTU's of thermal energy in the form of steam. During the operating process, this energy has the potential to be harnessed by means of electrical co-generation.

The LAG-1000 incinerator provides secure, environmentally friendly, permanent destruction of high concentration PCB's and a wide range of hazardous wastes. The Technology achieves a Destruction Removal Efficiency (DRE) of 99.9999998% with sterilized ash and steam being the only by-products. The Technology is a continuous feed process that allows for greater efficiency and a high processing capacity.

The Technology's effectiveness was demonstrated through its successful 18-month operation at a large PCB contaminated site in Smithville, Ontario in 1991. The Technology's acceptance is demonstrated through its compliance with all regulations of the United States Environmental Protection Agency and the Ontario Ministry of Environment and Energy. ENSCO today retains one operating LAG-1000 incinerator at El Dorado, Arkansas.

The Technology is able to operate in a fixed-base environment at a permanent location and in a transportable/mobile fashion. The fixed-base operating environment is intended for long-term processing and would consist of a permanent location, with the system constructed inside the building. A transportable system can be moved, assembled and operated either at a contaminated site or in the vicinity of high volume, stored contaminated materials. Once the site is remediated or the materials are dealt with, the system can be disassembled and relocated elsewhere.

DISCUSSION

LAG Environmental will offer an immediate safe, efficient, complete and economical solution to industries, governments and the military. The savings of millions of dollars from the reduction of hazardous waste storage facilities justifies the safe destruction of these wastes, which will improve environmental health and reduce long-term environmental risk.

LAG Environmental will employ proven technology previously used at Smithville, Ontario. The LAG-1000 meets all United States Environmental Protection Agency (USEPA), Canadian Environmental Protection Agency (CEPA) standards and the Ontario Ministry of Environment and Energy regulations (MOE).

LAG Environmental proposes to construct and operate an approved permanent destruction/treatment facility to be located at (to be determined) Ontario. Ontario was chosen as the most suitable site because of its strategic location and the required land zoning that permits this type of facility to be constructed.

The LAG-1000 system generates up to 50,000,000 BTU's of thermal energy can be harnessed by means of electrical turbine generators. The potential electrical energy is estimated at 14,000kw/h or 14mw (megawatts)/h.

The process was designed and developed in the United States by Ensco Inc of Little Rock Arkansas. The LAG-1000 is a rotary kiln process capable of destroying a wide range of hazardous wastes. The LAG-1000 will be equipped with latest state of the art digital computer instrumentation to ensure all Ministry requirements are met.

An air pollution control module features an evaporative cooling tower, a lime injection system, an active carbon injection system, and a monitored emission stack. Independent testing has proven that the facility meets the most stringent emission criteria in North America, and achieves a DRE of 99.9999998%.

SYSTEM SAFEGUARD

The key process flow measurements are real-time continuous. The instrumentation is designed to monitor temperatures, pressures, waste flow/feed rates, oxygen concentration and combustion efficiency. The LAG-1000 is equipped with an automatic feed shut off safeguard system that instantly stops all waste feeds to the processor should any pre-set conditions not be met.

PRE-SET CONDITIONS INCLUDE:

Temperatures waste feed rates, oxygen concentration and combustion efficiency.

The processing plant will have state of the art emission air quality continuous monitoring digital equipment to ensure both air quality to the atmosphere and the levels of waste and residue characterizations.

An on-site laboratory will be equipped with the latest technology to constantly monitor the characterization of wastes and processed residues to provide complete waste tracking and quality control assurance.

The permanent facility will houses a control room with all the proper control instrumentation for the process, recording devices, and state of the art computer equipment so that the incineration processor is operated from a single centralized location within the facility.

The processing system is designed to reuse energy to drive the process through its components. This heat recovery advantage built into the system will improve overall thermal efficiency. Any excess capacity of energy produced as a result of the system may potentially be sold to nearby local industrial users. The constant monitoring and recording of the process will be well regulated to ensure that all Ministry regulations and parameters are met.

A SCHEMATIC FLOW DIAGRAM OF THE PROCESS IS SHOWN MAJOR COMPONENTS OF THE FLOW DIAGRAM INCLUDES:

- Contaminated sediment and waste feed systems
- Rotary Kiln Component
- Drag conveyor ash removal systems and particulate removal cyclones
- Waste secondary combustion
- Waste heat recover, steam boiler and auxiliaries
- Quench cooling and particulate removal system
- Packed tower acid gas scrubbing system
- Steam operated gas handling and scrubbing ejector
- Stack and gas quality monitoring samplers * stack equipped with visual emissions control system
- Electrical Power Generation (steam turbine)

(see Appendix 2 Technical Data)

MANAGEMENT

MANAGEMENT PHILOSOPHY

The principals believe that information gathering and sharing is the cornerstone of our management philosophy.

We will pursue an open book system with respect to sharing information, including financial projections and results, with all concerned personnel and associates.

To this end, we shall:

- Develop an Internet site allowing real time access to information at each workstation.
- Exchange information in daily management meetings.
- Share information in a weekly/monthly Quality Circles. Groups consisting of management, staff, advisors and strategic partners will meet to solve problems and discuss improvements in specified areas.
- Employ all the latest technologies available;
- Implement ISO 9000 and ISO 14000 series of international standards;

We are confident that our information-integration operation will result in the following benefits to the business:

- Quick decision-making on the line; minimum supervision
- Maximum productivity and cost efficiency
- Maximum inventory and accounts receivable turnovers; positive cash flow.
- Highly involved and motivated people; minimum staff turnover,
- Managed growth,

MANAGEMENT TEAM

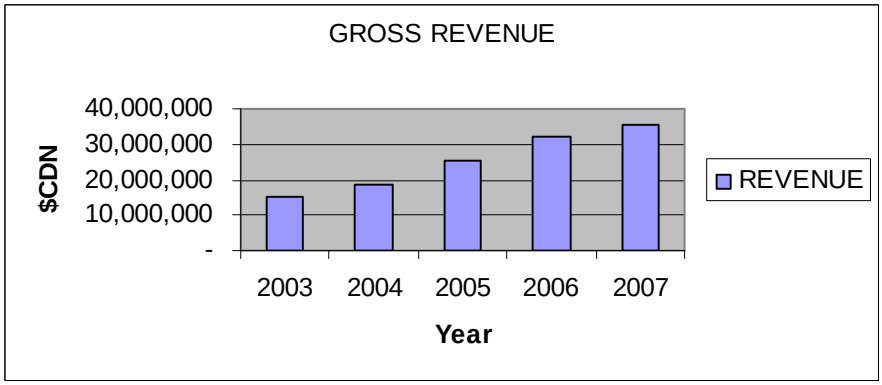
The management team at LAG Environmental represents a total of x years of experience in the environmental industry. It is a highly skilled, well-balanced team of business executives and technical visionaries with experience in successfully developing and constructing a waste management company. The management team has a wealth of experience both in large and small companies where they have compiled impressive records of accomplishments. They have managed significant organizations in large companies, run entrepreneurial owned companies and/or played key roles in founding and running these companies. Selected members of the team are briefly described below (see Appendix for CVs).

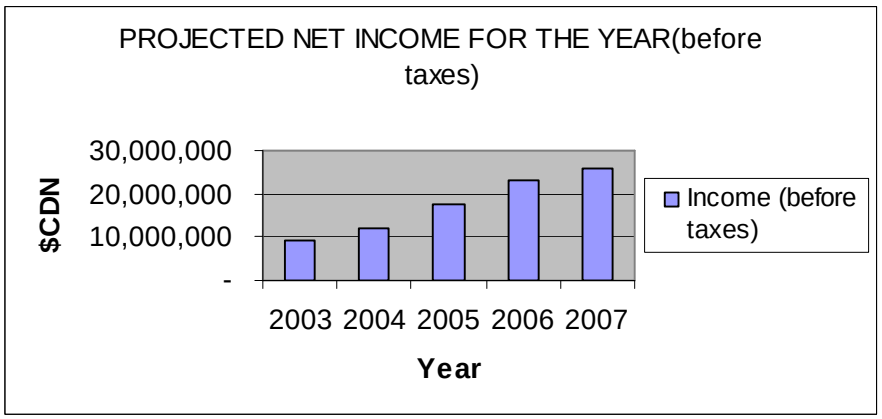
FINANCIAL HIGHLIGHTS

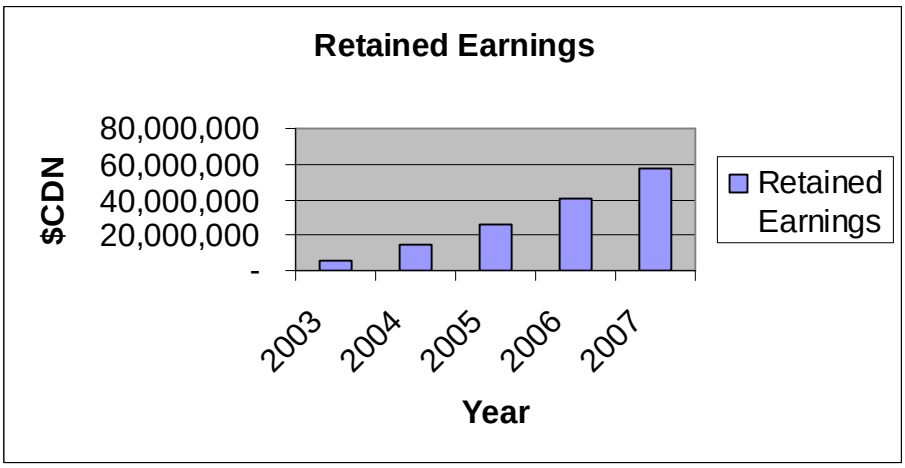
(see Appendix 1 Financial Projections)

- Shareholders' Equity as of June 2002 $
  - Equipment
  - Ministry License
- Total Capital requiring financing (Phased) $
  - Total Phase I $
  - Total Phase II $

The projected financial data (in $CDN) are as follows (from Appendix 1 Financial Projections)







A P P E N D I C E S

Appendix 1	Financial Projections
Appendix 2	Technical Data
Appendix 3	Management Team and Curriculum Vitae
Appendix 4	Ministry Approvals Process
Appendix 5	Client List
Appendix 6	Market Supplemental

Appendix A	Miscellaneous Support Documents (separate document)