UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES AND EXCHANGE ACT OF 1934

Date of Report (Date of Earliest Event Reported): August 14, 2006 (August 11, 2006)

SMI PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Nevada	333-55166	88-0363465
(State of Incorporation)	(Commission File No.)	(IRS Employer ID No.)

5000 Noeline Avenue, Encino, CA 91436

Address of Principal Executive Offices
Zip Code

(310) 739-3741

Registrant's Telephone Number, Including Area Code

3503 Cedar Locust, Sugarland, Texas 77479

Former Address of Principal Executive Offices

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

Amended and Restated Loan Agreements and Notes

Between October 20, 2003 and July 31, 2005, SMI Products, Inc. (the "Company") entered into a series of Loan Agreements with certain of its stockholders (together, the "Noteholders"), with respect to approximately $89,316.32 in principal amount of loans owed by the Company to them. The loans represent amounts advanced by the Noteholders for accounting, legal and other expenses of the Company. On August 11, 2006, the Company and the Noteholders agreed to amend and restate the Loan Agreements and to evidence the amounts due thereunder by convertible promissory notes ("Notes"). The Notes bear interest at the rate of 2% per annum, are payable on demand and are convertible into shares of the Company's common stock.

This brief description of the terms of the Notes is qualified by reference to the provisions of those agreements, attached to this report as Exhibits 10.1 through 10.6.

Stock Purchase Agreement

On August 11, 2006, the Company, the Noteholders, certain stockholders of the Company and James Charuk, the record holder of 66.5% of the Company's issued and outstanding common stock (together, the "Sellers"), entered into a Stock Purchase Agreement ("Stock Purchase Agreement") with Fountainhead Capital Partners, Ltd. (the "Purchaser"), pursuant to which the Sellers agreed to sell to the Purchaser the Notes and 5,551,000 shares of the Company's common stock (the "Shares") for a purchase price (the "Purchase Price"), in the aggregate, of $637,500, plus the amount of any cash or cash equivalents on the Company's balance sheet as of the closing (the "Closing") of the transactions contemplated by the Stock Purchase Agreement. The Shares represent approximately 73.5% of the issued and outstanding capital stock of the Company calculated on a fully-diluted basis.

The Purchaser acquired the Notes and Shares and own the following percentage of the outstanding common stock of the Company:

Name	Number of Shares	Principal Amount of Notes	Percentage of Registrant
Fountainhead Capital Partners Limited	5,551,000	$89,316.32	73.5%

The Purchaser used its working capital to acquire the Notes and the Shares. The Purchaser did not borrow any funds to acquire the Notes or the Shares.

Prior to the Closing, the Purchaser was not affiliated with the Company. However, the Purchaser will be deemed an affiliate of the Company after the Closing as a result of its stock ownership interest in the Company.

This brief description of the terms of the Stock Purchase Agreement is qualified by reference to the provisions of that agreement, attached to this report as Exhibit 10.7.

Change of Business Plan

From and after the Closing, the Company will no longer engage in the business of providing consulting services to other businesses. Instead, the Company's business plan will now consist of exploring potential targets for a business combination with the Company through a purchase of assets, share purchase or exchange, merger or similar type of transaction. Except as contemplated by the Stock Purchase Agreement and except as otherwise expressly described herein, neither the Purchaser nor the Company have any specific plans or proposals at this time which relate to or would result in: (a) the acquisition by any person of additional securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation , involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or of any of its subsidiaries; (d) any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other material change in the Company's business or corporate structure; (g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the issuer by any other person; (h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Act; or (j) any similar action to those enumerated above.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

See response to Item 1.01.

ITEM 5.01 CHANGES IN CONTROL OF REGISTRANT

See response to Item 1.01.

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS

Resignation and Appointment of Director.

In connection with the Stock Purchase Agreement, on August 11, 2006, James Charuk, being the sole member of the board of directors of the Company, tendered his resignation as a director of the Company, effective automatically as of the tenth day following the mailing to the stockholders of the Company of an information statement that complies with the requirements of Rule 14f-1. There was no disagreement between the resigning director and the Company at the time of his resignation.

On August 11, 2006, the Company also appointed Geoffrey Alison as a member of the board of directors, effective immediately.

Resignation and Appointment of Executive Officer.

On August 11, 2006, Mr. Charuk also tendered his resignation as the president, treasurer and secretary of the Company, effective immediately.

Following the resignation of Mr. Charuk as president, treasurer and secretary, the board of directors of the Company elected Geoffrey Alison as the president, treasurer and secretary of the Company, effective as of August 11, 2006. The Company and the newly appointed officer have not entered into any arrangement regarding the payment of compensation for acting as an officer or director of the Company.

Geoffrey Alison, 32, was appointed to the board of directors and as President, Treasurer and Secretary of the Company on August 11, 2006 upon the effectiveness of the resignation of Mr. Charuk from such positions in connection with the change of control transaction described in this report. Since January 2005, Mr. Alison has served as a director of Cape Coastal Trading Corporation. Mr. Alison has been registered with the National Association of Securities Dealers since 1999 and has worked as a General Securities Principal in for various securities firms including Stock USA, Inc (January 1999 - October 2001) and Assent, LLC (November 2001 - August 2004). From September 2004 through the present date, Mr. Alison has been a registered General Securities Principal with ECHOtrade, a Philadelphia Exchange member firm, as a securities trader for his own capital and benefit. From August 2003 through January 2005, he served as Chief Financial Officer, Secretary and a director of Intrac, Inc. (OTCBB:ITRD). In October, 2002, Mr. Alison co-created Greenvest Industries, Inc. which manufactures pet products under the brand name Happy Tails Pet Beds. Mr. Alison is currently President and CEO of Greenvest Industries, Inc.

Mr. Alison expects to spend approximately five hours per month on the Company's business and affairs.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Number	Description
10.1	Amended and Restated Loan Agreement and Convertible Promissory Note, dated as of August 11, 2006 by and between SMI Products, Inc. and Liessa McNabb.
10.2	Amended and Restated Loan Agreement and Convertible Promissory Note, dated as of August 11, 2006 by and between SMI Products, Inc. and Robert E. Jeffery.
10.3	Amended and Restated Loan Agreement and Convertible Promissory Note, dated as of August 11, 2006 by and between SMI Products, Inc. and Armor Capital Fund.
10.4	Amended and Restated Loan Agreement and Convertible Promissory Note, dated as of August 11, 2006 by and between SMI Products, Inc. and Hope McNabb.
10.5	Amended and Restated Loan Agreement and Convertible Promissory Note, dated as of August 11, 2006 by and between SMI Products, Inc. and Darwin Forer.
10.6	Amended and Restated Loan Agreement and Convertible Promissory Note, dated as of August 11, 2006 by and between SMI Products, Inc. and James Charuk.
10.7	Stock Purchase Agreement, dated as of August 11, 2006 by and among SMI Products, Inc., James Charuk, Rocky McNabb and Fountainhead Capital Partners, Ltd.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 14, 2006

SMI PRODUCTS, INC.

/s/ Geoffrey Alison
Geoffrey Alison
President, Treasurer and Secretary

EXHIBIT INDEX

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AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

THIS AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE, dated as of August 11, 2006 (the "**Note**"), between SMI PRODUCTS, INC., a Nevada Corporation (the "**Maker**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479 and Liessa McNabb (the "**Payee**"), having an address at 10684 East Fanfol Lane, Scottsdale, AZ 85258. Each of the Maker and the Payee are referred to herein as a "**Party**", and collectively as the "**Parties**."

WHEREAS, on October 20, 2003, on November 5, 2004, on February 15, 2005 and on August 18, 2005, the Parties entered into certain Loan Agreements, as amended (the "**Original Loan Agreements**"), pursuant to which, the Payee agreed to provide funds to the Maker in the total amount of $17,300 (the "**Loans**") for its corporate purposes, on the terms and conditions set forth therein; and

WHEREAS, the Parties desire amend and restate the Original Loan Agreements and to evidence the amount due thereunder by this Amended and Restated Loan Agreement and Convertible Promissory Note ("**Note**") which shall accrue interest at a rate of 2% per annum and shall be payable on demand.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Original Loan Agreements are hereby amended and restated in its entirety herein and now solely evidenced by this Note. Any attempt to present the Original Loan Agreements for payment, separate from this Note, shall be invalid and shall be of no effect.

2. The Maker, unconditionally promises to pay to the order of the Payee, the principal sum of the Loans together with accrued interest thereon from the date of issuance of the Loans, which, as of the date hereof, is $626.83. The Maker further agrees to pay all costs of collection, including reasonable attorneys' fees, incurred by the Payee or by any other holder of this Note in any action to collect this Note, whether or not suit is brought.

3. Principal and accrued interest shall be payable on August 11, 2007. Maker shall have the right at any time to prepay, in whole or in part, the principal and accrued interest without penalty upon fifteen (15) days prior written notice to the Payee.

4. The amounts due hereunder are payable without deduction or offset in lawful money of the United States of America in immediately available funds to the Payee at its address as set forth above, or at such other place as the holder of this Note shall from time to time designate.

5. It shall be an event of default ("**Event of Default**"), and the then unpaid portion of this Note shall become immediately due and payable, at the election of Payee, upon the occurrence of any of the following events:

(a) any failure on the part of Maker to make any payment hereunder when due, whether by acceleration or otherwise;

(b) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute; or

(c) a proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute and relief is ordered against Maker, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof.

6. The principal balance of this Note and all accrued interest hereunder shall be convertible, in whole or in part, into shares of the Maker's common stock in the manner described below at the option of the Payee or other holder hereof at any time prior to maturity, upon ten (10) days advance written notice to the Maker. The number of shares of the Maker's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, this Note shall be canceled and a replacement note on identical terms shall be promptly issued by the maker to the holder hereof to evidence the remaining outstanding principal amount hereof as of the date of the conversion, if applicable. In the event of a stock-split, combination, stock dividend, recapitalization of the Maker or similar event, the conversion price and number of shares issuable upon conversion shall be equitably adjusted to reflect the occurrence of such event.

7. No failure on the part of the Payee or any other holder of this Note to exercise and no delay in exercising any right, remedy or power hereunder or under any other document or agreement executed in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee or any other holder of this Note of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

8. This Note shall be binding upon the Maker and the Maker's successors and assigns.

9. This Note shall be governed by and construed in accordance with the laws of the State of New York, excluding the conflicts of laws principles thererof.

10. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate, or would prospectively operate, to invalidate this Note, then, and in any such event, such provision or provisions only shall be deemed null and void and of no force or effect and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable, and shall in no way be affected, prejudiced or disturbed thereby.

11. All agreements between Maker and Payee are hereby expressly limited so that in no event whatsoever, whether by reason of deferment in accordance with this Note or under any agreement or by virtue of acceleration or maturity of the Note, or otherwise, shall the amount paid or agreed to be paid to the Payee hereunder or to compensate Payee for damages to be suffered by reason of a late payment hereof, exceed the maximum permissible under applicable law. If enforcement of any provision hereof at the time performance of such provision shall be due, shall exceed the limit of validity prescribed by law, the relevant obligations to be fulfilled shall be deemed reduced to the limit of such validity. This provision shall never be superseded or waived and shall control every other provision of all agreements among Maker and Payee.

12. Subject to applicable federal and state securities laws, the Payee may assign this Note without first obtaining the consent of the Maker.

13. Subject to the applicable cure periods contained herein, time is of the essence of this Note.

14. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE MAKER, AND ALL OTHERS THAT MAY BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS EVIDENCED BY THIS NOTE, HEREBY WAIVES PRESENTMENT, DEMAND, NOTICE OF NONPAYMENT, PROTEST AND ALL OTHER DEMANDS AND NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE OR ENFORCEMENT OF THIS NOTE, AND DOES HEREBY CONSENT TO ANY NUMBER OF RENEWALS OR EXTENSIONS OF THE TIME OF PAYMENT HEREOF AND AGREE THAT ANY SUCH RENEWALS OR EXTENSIONS MAY BE MADE WITHOUT NOTICE TO ANY SUCH PERSONS AND WITHOUT AFFECTING THEIR LIABILITY HEREIN AND DO FURTHER CONSENT TO THE RELEASE OF ANY PERSON LIABLE WITH RESPECT TO FAILURE TO GIVE SUCH NOTICE, (ALL WITHOUT AFFECTING THE LIABILITY OF THE OTHER PERSONS, FIRMS, OR CORPORATIONS LIABLE FOR THE PAYMENT OF THIS NOTE).

15. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING UNDER OR OUT OF OR OTHERWISE RELATED TO OR CONNECTED WITH THIS NOTE OR ANY RELATED DOCUMENT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amended and Restated Loan Agreement and Convertible Promissory Note on the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk

James Charuk
President

PAYEE:

/s/ Liessa McNabb

Liessa McNabb

AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

THIS AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE, dated as of August 11, 2006 (the "**Note**"), between SMI PRODUCTS, INC., a Nevada Corporation (the "**Maker**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479 and Robert E. Jeffery (the "**Payee**"), having an address at 5527 North Island Hwy, Union Bay, B.C., V0R 3B0. Each of the Maker and the Payee are referred to herein as a "**Party**", and collectively as the "**Parties**."

WHEREAS, on March 9, 2005, on August 18, 2005 and on March 1, 2006, the Parties entered into certain Loan Agreements, as amended (the "**Original Loan Agreements**"), pursuant to which, the Payee agreed to provide funds to the Maker in the total amount of $11,000 (the "**Loans**") for its corporate purposes, on the terms and conditions set forth therein; and

WHEREAS, the Parties desire amend and restate the Original Loan Agreements and to evidence the amount due thereunder by this Amended and Restated Loan Agreement and Convertible Promissory Note ("**Note**") which shall accrue interest at a rate of 2% per annum and shall be payable on demand.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Original Loan Agreements are hereby amended and restated in its entirety herein and now solely evidenced by this Note. Any attempt to present the Original Loan Agreements for payment, separate from this Note, shall be invalid and shall be of no effect.

2. The Maker, unconditionally promises to pay to the order of the Payee, the principal sum of the Loans together with accrued interest thereon from the date of issuance of the Loans, which, as of the date hereof, is $176.33. The Maker further agrees to pay all costs of collection, including reasonable attorneys' fees, incurred by the Payee or by any other holder of this Note in any action to collect this Note, whether or not suit is brought.

3. Principal and accrued interest shall be payable on August 11, 2007. Maker shall have the right at any time to prepay, in whole or in part, the principal and accrued interest without penalty upon fifteen (15) days prior written notice to the Payee.

4. The amounts due hereunder are payable without deduction or offset in lawful money of the United States of America in immediately available funds to the Payee at its address as set forth above, or at such other place as the holder of this Note shall from time to time designate.

5. It shall be an event of default ("**Event of Default**"), and the then unpaid portion of this Note shall become immediately due and payable, at the election of Payee, upon the occurrence of any of the following events:

(a) any failure on the part of Maker to make any payment hereunder when due, whether by acceleration or otherwise;

(b) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute; or

(c) a proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute and relief is ordered against Maker, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof.

6. The principal balance of this Note and all accrued interest hereunder shall be convertible, in whole or in part, into shares of the Maker's common stock in the manner described below at the option of the Payee or other holder hereof at any time prior to maturity, upon ten (10) days advance written notice to the Maker. The number of shares of the Maker's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, this Note shall be canceled and a replacement note on identical terms shall be promptly issued by the maker to the holder hereof to evidence the remaining outstanding principal amount hereof as of the date of the conversion, if applicable. In the event of a stock-split, combination, stock dividend, recapitalization of the Maker or similar event, the conversion price and number of shares issuable upon conversion shall be equitably adjusted to reflect the occurrence of such event.

7. No failure on the part of the Payee or any other holder of this Note to exercise and no delay in exercising any right, remedy or power hereunder or under any other document or agreement executed in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee or any other holder of this Note of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

8. This Note shall be binding upon the Maker and the Maker's successors and assigns.

9. This Note shall be governed by and construed in accordance with the laws of the State of New York, excluding the conflicts of laws principles thererof.

10. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate, or would prospectively operate, to invalidate this Note, then, and in any such event, such provision or provisions only shall be deemed null and void and of no force or effect and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable, and shall in no way be affected, prejudiced or disturbed thereby.

11. All agreements between Maker and Payee are hereby expressly limited so that in no event whatsoever, whether by reason of deferment in accordance with this Note or under any agreement or by virtue of acceleration or maturity of the Note, or otherwise, shall the amount paid or agreed to be paid to the Payee hereunder or to compensate Payee for damages to be suffered by reason of a late payment hereof, exceed the maximum permissible under applicable law. If enforcement of any provision hereof at the time performance of such provision shall be due, shall exceed the limit of validity prescribed by law, the relevant obligations to be fulfilled shall be deemed reduced to the limit of such validity. This provision shall never be superseded or waived and shall control every other provision of all agreements among Maker and Payee.

12. Subject to applicable federal and state securities laws, the Payee may assign this Note without first obtaining the consent of the Maker.

13. Subject to the applicable cure periods contained herein, time is of the essence of this Note.

14. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE MAKER, AND ALL OTHERS THAT MAY BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS EVIDENCED BY THIS NOTE, HEREBY WAIVES PRESENTMENT, DEMAND, NOTICE OF NONPAYMENT, PROTEST AND ALL OTHER DEMANDS AND NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE OR ENFORCEMENT OF THIS NOTE, AND DOES HEREBY CONSENT TO ANY NUMBER OF RENEWALS OR EXTENSIONS OF THE TIME OF PAYMENT HEREOF AND AGREE THAT ANY SUCH RENEWALS OR EXTENSIONS MAY BE MADE WITHOUT NOTICE TO ANY SUCH PERSONS AND WITHOUT AFFECTING THEIR LIABILITY HEREIN AND DO FURTHER CONSENT TO THE RELEASE OF ANY PERSON LIABLE WITH RESPECT TO FAILURE TO GIVE SUCH NOTICE, (ALL WITHOUT AFFECTING THE LIABILITY OF THE OTHER PERSONS, FIRMS, OR CORPORATIONS LIABLE FOR THE PAYMENT OF THIS NOTE).

15. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING UNDER OR OUT OF OR OTHERWISE RELATED TO OR CONNECTED WITH THIS NOTE OR ANY RELATED DOCUMENT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amended and Restated Loan Agreement and Convertible Promissory Note on the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk

James Charuk
President

PAYEE:

/s/ Robert E. Jeffery

Robert E. Jeffery

AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

THIS AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE, dated as of August 11, 2006 (the "**Note**"), between SMI PRODUCTS, INC., a Nevada Corporation (the "**Maker**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479 and Armor Capital Fund (the "**Payee**"), having an address at 815 Hornby Street, Suite 404, Vancouver, B.C., V6Z 2E6. Each of the Maker and the Payee are referred to herein as a "**Party**", and collectively as the "**Parties**."

WHEREAS, on January 15, 2003, on May 15, 2003, on June 4, 2003, on August 12, 2003 and on December 31, 2003, the Parties entered into certain Loan Agreements, as amended (the "**Original Loan Agreements**"), pursuant to which, the Payee agreed to provide funds to the Maker in the total amount of $30,593.59 (the "**Loans**") for its corporate purposes, on the terms and conditions set forth therein; and

WHEREAS, the Parties desire amend and restate the Original Loan Agreements and to evidence the amount due thereunder by this Amended and Restated Loan Agreement and Convertible Promissory Note ("**Note**") which shall accrue interest at a rate of 2% per annum and shall be payable on demand.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Original Loan Agreements are hereby amended and restated in its entirety herein and now solely evidenced by this Note. Any attempt to present the Original Loan Agreements for payment, separate from this Note, shall be invalid and shall be of no effect.

2. The Maker, unconditionally promises to pay to the order of the Payee, the principal sum of the Loans together with accrued interest thereon from the date of issuance of the Loans, which, as of the date hereof, is $1,947.93. The Maker further agrees to pay all costs of collection, including reasonable attorneys' fees, incurred by the Payee or by any other holder of this Note in any action to collect this Note, whether or not suit is brought.

3. Principal and accrued interest shall be payable on August 11, 2007. Maker shall have the right at any time to prepay, in whole or in part, the principal and accrued interest without penalty upon fifteen (15) days prior written notice to the Payee.

4. The amounts due hereunder are payable without deduction or offset in lawful money of the United States of America in immediately available funds to the Payee at its address as set forth above, or at such other place as the holder of this Note shall from time to time designate.

5. It shall be an event of default ("**Event of Default**"), and the then unpaid portion of this Note shall become immediately due and payable, at the election of Payee, upon the occurrence of any of the following events:

(a) any failure on the part of Maker to make any payment hereunder when due, whether by acceleration or otherwise;

(b) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute; or

(c) a proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute and relief is ordered against Maker, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof.

6. The principal balance of this Note and all accrued interest hereunder shall be convertible, in whole or in part, into shares of the Maker's common stock in the manner described below at the option of the Payee or other holder hereof at any time prior to maturity, upon ten (10) days advance written notice to the Maker. The number of shares of the Maker's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, this Note shall be canceled and a replacement note on identical terms shall be promptly issued by the maker to the holder hereof to evidence the remaining outstanding principal amount hereof as of the date of the conversion, if applicable. In the event of a stock-split, combination, stock dividend, recapitalization of the Maker or similar event, the conversion price and number of shares issuable upon conversion shall be equitably adjusted to reflect the occurrence of such event.

7. No failure on the part of the Payee or any other holder of this Note to exercise and no delay in exercising any right, remedy or power hereunder or under any other document or agreement executed in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee or any other holder of this Note of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

8. This Note shall be binding upon the Maker and the Maker's successors and assigns.

9. This Note shall be governed by and construed in accordance with the laws of the State of New York, excluding the conflicts of laws principles thererof.

10. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate, or would prospectively operate, to invalidate this Note, then, and in any such event, such provision or provisions only shall be deemed null and void and of no force or effect and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable, and shall in no way be affected, prejudiced or disturbed thereby.

11. All agreements between Maker and Payee are hereby expressly limited so that in no event whatsoever, whether by reason of deferment in accordance with this Note or under any agreement or by virtue of acceleration or maturity of the Note, or otherwise, shall the amount paid or agreed to be paid to the Payee hereunder or to compensate Payee for damages to be suffered by reason of a late payment hereof, exceed the maximum permissible under applicable law. If enforcement of any provision hereof at the time performance of such provision shall be due, shall exceed the limit of validity prescribed by law, the relevant obligations to be fulfilled shall be deemed reduced to the limit of such validity. This provision shall never be superseded or waived and shall control every other provision of all agreements among Maker and Payee.

12. Subject to applicable federal and state securities laws, the Payee may assign this Note without first obtaining the consent of the Maker.

13. Subject to the applicable cure periods contained herein, time is of the essence of this Note.

14. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE MAKER, AND ALL OTHERS THAT MAY BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS EVIDENCED BY THIS NOTE, HEREBY WAIVES PRESENTMENT, DEMAND, NOTICE OF NONPAYMENT, PROTEST AND ALL OTHER DEMANDS AND NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE OR ENFORCEMENT OF THIS NOTE, AND DOES HEREBY CONSENT TO ANY NUMBER OF RENEWALS OR EXTENSIONS OF THE TIME OF PAYMENT HEREOF AND AGREE THAT ANY SUCH RENEWALS OR EXTENSIONS MAY BE MADE WITHOUT NOTICE TO ANY SUCH PERSONS AND WITHOUT AFFECTING THEIR LIABILITY HEREIN AND DO FURTHER CONSENT TO THE RELEASE OF ANY PERSON LIABLE WITH RESPECT TO FAILURE TO GIVE SUCH NOTICE, (ALL WITHOUT AFFECTING THE LIABILITY OF THE OTHER PERSONS, FIRMS, OR CORPORATIONS LIABLE FOR THE PAYMENT OF THIS NOTE).

15. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING UNDER OR OUT OF OR OTHERWISE RELATED TO OR CONNECTED WITH THIS NOTE OR ANY RELATED DOCUMENT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amended and Restated Loan Agreement and Convertible Promissory Note on the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk

James Charuk
President

PAYEE: ARMOR CAPITAL FUND

By: /s/ Tibor Gajdics

Name: Tibor Gajdics
Title: President

AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

THIS AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE, dated as of August 11, 2006 (the "**Note**"), between SMI PRODUCTS, INC., a Nevada Corporation (the "**Maker**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479 and Hope McNabb (the "**Payee**"), having an address at 2675 East Wellington Road, Nanaimo, B.C., V9R 6W5. Each of the Maker and the Payee are referred to herein as a "**Party**", and collectively as the "**Parties**."

WHEREAS, on March 9, 2005 and on May 15, 2005, the Parties entered into certain Loan Agreements, as amended (the "**Original Loan Agreements**"), pursuant to which, the Payee agreed to provide funds to the Maker in the total amount of $5,000 (the "**Loans**") for its corporate purposes, on the terms and conditions set forth therein; and

WHEREAS, the Parties desire amend and restate the Original Loan Agreements and to evidence the amount due thereunder by this Amended and Restated Loan Agreement and Convertible Promissory Note ("**Note**") which shall accrue interest at a rate of 2% per annum and shall be payable on demand.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Original Loan Agreements are hereby amended and restated in its entirety herein and now solely evidenced by this Note. Any attempt to present the Original Loan Agreements for payment, separate from this Note, shall be invalid and shall be of no effect.

2. The Maker, unconditionally promises to pay to the order of the Payee, the principal sum of the Loans together with accrued interest thereon from the date of issuance of the Loans, which, as of the date hereof, is $88.93. The Maker further agrees to pay all costs of collection, including reasonable attorneys' fees, incurred by the Payee or by any other holder of this Note in any action to collect this Note, whether or not suit is brought.

3. Principal and accrued interest shall be payable on August 11, 2007. Maker shall have the right at any time to prepay, in whole or in part, the principal and accrued interest without penalty upon fifteen (15) days prior written notice to the Payee.

4. The amounts due hereunder are payable without deduction or offset in lawful money of the United States of America in immediately available funds to the Payee at its address as set forth above, or at such other place as the holder of this Note shall from time to time designate.

5. It shall be an event of default ("**Event of Default**"), and the then unpaid portion of this Note shall become immediately due and payable, at the election of Payee, upon the occurrence of any of the following events:

(a) any failure on the part of Maker to make any payment hereunder when due, whether by acceleration or otherwise;

(b) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute; or

(c) a proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute and relief is ordered against Maker, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof.

6. The principal balance of this Note and all accrued interest hereunder shall be convertible, in whole or in part, into shares of the Maker's common stock in the manner described below at the option of the Payee or other holder hereof at any time prior to maturity, upon ten (10) days advance written notice to the Maker. The number of shares of the Maker's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, this Note shall be canceled and a replacement note on identical terms shall be promptly issued by the maker to the holder hereof to evidence the remaining outstanding principal amount hereof as of the date of the conversion, if applicable. In the event of a stock-split, combination, stock dividend, recapitalization of the Maker or similar event, the conversion price and number of shares issuable upon conversion shall be equitably adjusted to reflect the occurrence of such event.

7. No failure on the part of the Payee or any other holder of this Note to exercise and no delay in exercising any right, remedy or power hereunder or under any other document or agreement executed in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee or any other holder of this Note of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

8. This Note shall be binding upon the Maker and the Maker's successors and assigns.

9. This Note shall be governed by and construed in accordance with the laws of the State of New York, excluding the conflicts of laws principles thererof.

10. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate, or would prospectively operate, to invalidate this Note, then, and in any such event, such provision or provisions only shall be deemed null and void and of no force or effect and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable, and shall in no way be affected, prejudiced or disturbed thereby.

11. All agreements between Maker and Payee are hereby expressly limited so that in no event whatsoever, whether by reason of deferment in accordance with this Note or under any agreement or by virtue of acceleration or maturity of the Note, or otherwise, shall the amount paid or agreed to be paid to the Payee hereunder or to compensate Payee for damages to be suffered by reason of a late payment hereof, exceed the maximum permissible under applicable law. If enforcement of any provision hereof at the time performance of such provision shall be due, shall exceed the limit of validity prescribed by law, the relevant obligations to be fulfilled shall be deemed reduced to the limit of such validity. This provision shall never be superseded or waived and shall control every other provision of all agreements among Maker and Payee.

12. Subject to applicable federal and state securities laws, the Payee may assign this Note without first obtaining the consent of the Maker.

13. Subject to the applicable cure periods contained herein, time is of the essence of this Note.

14. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE MAKER, AND ALL OTHERS THAT MAY BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS EVIDENCED BY THIS NOTE, HEREBY WAIVES PRESENTMENT, DEMAND, NOTICE OF NONPAYMENT, PROTEST AND ALL OTHER DEMANDS AND NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE OR ENFORCEMENT OF THIS NOTE, AND DOES HEREBY CONSENT TO ANY NUMBER OF RENEWALS OR EXTENSIONS OF THE TIME OF PAYMENT HEREOF AND AGREE THAT ANY SUCH RENEWALS OR EXTENSIONS MAY BE MADE WITHOUT NOTICE TO ANY SUCH PERSONS AND WITHOUT AFFECTING THEIR LIABILITY HEREIN AND DO FURTHER CONSENT TO THE RELEASE OF ANY PERSON LIABLE WITH RESPECT TO FAILURE TO GIVE SUCH NOTICE, (ALL WITHOUT AFFECTING THE LIABILITY OF THE OTHER PERSONS, FIRMS, OR CORPORATIONS LIABLE FOR THE PAYMENT OF THIS NOTE).

15. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING UNDER OR OUT OF OR OTHERWISE RELATED TO OR CONNECTED WITH THIS NOTE OR ANY RELATED DOCUMENT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amended and Restated Loan Agreement and Convertible Promissory Note on the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk

James Charuk
President

PAYEE:

/s/ Hope McNabb

Hope McNabb

AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

THIS AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE, dated as of August 11, 2006 (the "**Note**"), between SMI PRODUCTS, INC., a Nevada Corporation (the "**Maker**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479 and Darwin Forer (the "**Payee**"), having an address at General Delivery, Christopher Lakes, Saskatchewan, SOJ 0N0, Canada. Each of the Maker and the Payee are referred to herein as a "**Party**", and collectively as the "**Parties**."

WHEREAS, on February 13, 2004, the Parties entered into a certain Loan Agreement, as amended (the "**Original Loan Agreement**"), pursuant to which, the Payee agreed to provide funds to the Maker in the total amount of $10,000 (the "**Loan**") for its corporate purposes, on the terms and conditions set forth therein; and

WHEREAS, the Parties desire amend and restate the Original Loan Agreement and to evidence the amount due thereunder by this Amended and Restated Loan Agreement and Convertible Promissory Note ("**Note**") which shall accrue interest at a rate of 2% per annum and shall be payable on demand.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Original Loan Agreement are hereby amended and restated in its entirety herein and now solely evidenced by this Note. Any attempt to present the Original Loan Agreement for payment, separate from this Note, shall be invalid and shall be of no effect.

2. The Maker, unconditionally promises to pay to the order of the Payee, the principal sum of the Loan together with accrued interest thereon from the date of issuance of the Loan, which, as of the date hereof, is $487.12. The Maker further agrees to pay all costs of collection, including reasonable attorneys' fees, incurred by the Payee or by any other holder of this Note in any action to collect this Note, whether or not suit is brought.

3. Principal and accrued interest shall be payable on August 11, 2007. Maker shall have the right at any time to prepay, in whole or in part, the principal and accrued interest without penalty upon fifteen (15) days prior written notice to the Payee.

4. The amounts due hereunder are payable without deduction or offset in lawful money of the United States of America in immediately available funds to the Payee at its address as set forth above, or at such other place as the holder of this Note shall from time to time designate.

5. It shall be an event of default ("**Event of Default**"), and the then unpaid portion of this Note shall become immediately due and payable, at the election of Payee, upon the occurrence of any of the following events:

(a) any failure on the part of Maker to make any payment hereunder when due, whether by acceleration or otherwise;

(b) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute; or

(c) a proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute and relief is ordered against Maker, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof.

6. The principal balance of this Note and all accrued interest hereunder shall be convertible, in whole or in part, into shares of the Maker's common stock in the manner described below at the option of the Payee or other holder hereof at any time prior to maturity, upon ten (10) days advance written notice to the Maker. The number of shares of the Maker's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, this Note shall be canceled and a replacement note on identical terms shall be promptly issued by the maker to the holder hereof to evidence the remaining outstanding principal amount hereof as of the date of the conversion, if applicable. In the event of a stock-split, combination, stock dividend, recapitalization of the Maker or similar event, the conversion price and number of shares issuable upon conversion shall be equitably adjusted to reflect the occurrence of such event.

7. No failure on the part of the Payee or any other holder of this Note to exercise and no delay in exercising any right, remedy or power hereunder or under any other document or agreement executed in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee or any other holder of this Note of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

8. This Note shall be binding upon the Maker and the Maker's successors and assigns.

9. This Note shall be governed by and construed in accordance with the laws of the State of New York, excluding the conflicts of laws principles thererof.

10. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate, or would prospectively operate, to invalidate this Note, then, and in any such event, such provision or provisions only shall be deemed null and void and of no force or effect and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable, and shall in no way be affected, prejudiced or disturbed thereby.

11. All agreements between Maker and Payee are hereby expressly limited so that in no event whatsoever, whether by reason of deferment in accordance with this Note or under any agreement or by virtue of acceleration or maturity of the Note, or otherwise, shall the amount paid or agreed to be paid to the Payee hereunder or to compensate Payee for damages to be suffered by reason of a late payment hereof, exceed the maximum permissible under applicable law. If enforcement of any provision hereof at the time performance of such provision shall be due, shall exceed the limit of validity prescribed by law, the relevant obligations to be fulfilled shall be deemed reduced to the limit of such validity. This provision shall never be superseded or waived and shall control every other provision of all agreements among Maker and Payee.

12. Subject to applicable federal and state securities laws, the Payee may assign this Note without first obtaining the consent of the Maker.

13. Subject to the applicable cure periods contained herein, time is of the essence of this Note.

14. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE MAKER, AND ALL OTHERS THAT MAY BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS EVIDENCED BY THIS NOTE, HEREBY WAIVES PRESENTMENT, DEMAND, NOTICE OF NONPAYMENT, PROTEST AND ALL OTHER DEMANDS AND NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE OR ENFORCEMENT OF THIS NOTE, AND DOES HEREBY CONSENT TO ANY NUMBER OF RENEWALS OR EXTENSIONS OF THE TIME OF PAYMENT HEREOF AND AGREE THAT ANY SUCH RENEWALS OR EXTENSIONS MAY BE MADE WITHOUT NOTICE TO ANY SUCH PERSONS AND WITHOUT AFFECTING THEIR LIABILITY HEREIN AND DO FURTHER CONSENT TO THE RELEASE OF ANY PERSON LIABLE WITH RESPECT TO FAILURE TO GIVE SUCH NOTICE, (ALL WITHOUT AFFECTING THE LIABILITY OF THE OTHER PERSONS, FIRMS, OR CORPORATIONS LIABLE FOR THE PAYMENT OF THIS NOTE).

15. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING UNDER OR OUT OF OR OTHERWISE RELATED TO OR CONNECTED WITH THIS NOTE OR ANY RELATED DOCUMENT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amended and Restated Loan Agreement and Convertible Promissory Note on the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk

James Charuk
President

PAYEE:

/s/ Darwin Forer

Darwin Forer

AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE

THIS AMENDED AND RESTATED LOAN AGREEMENT AND CONVERTIBLE PROMISSORY NOTE, dated as of August 11, 2006 (the "**Note**"), between SMI PRODUCTS, INC., a Nevada Corporation (the "**Maker**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479 and James Charuk (the "**Payee**"), having an address at 3503 Cedar Locus, Sugarland, Texas 77479. Each of the Maker and the Payee are referred to herein as a "**Party**", and collectively as the "**Parties**."

WHEREAS, on July 31, 2006, the Parties entered into a certain Loan Agreement, as amended (the "**Original Loan Agreement**"), pursuant to which, the Payee agreed to provide funds to the Maker in the total amount of $15,422.73 (the "**Loans**") for its corporate purposes, on the terms and conditions set forth therein; and

WHEREAS, the Parties desire amend and restate the Original Loan Agreement and to evidence the amount due thereunder by this Amended and Restated Loan Agreement and Convertible Promissory Note ("**Note**") which shall accrue interest at a rate of 2% per annum and shall be payable on demand.

NOW THEREFORE, in consideration of the premises, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Original Loan Agreement is hereby amended and restated in its entirety herein and now solely evidenced by this Note. Any attempt to present the Original Loan Agreement for payment, separate from this Note, shall be invalid and shall be of no effect.

2. The Maker, unconditionally promises to pay to the order of the Payee, the principal sum of the Loans together with accrued interest thereon from the date of issuance of the Loans, which, as of the date hereof, is $0. The Maker further agrees to pay all costs of collection, including reasonable attorneys' fees, incurred by the Payee or by any other holder of this Note in any action to collect this Note, whether or not suit is brought.

3. Principal and accrued interest shall be payable on August 11, 2007. Maker shall have the right at any time to prepay, in whole or in part, the principal and accrued interest without penalty upon fifteen (15) days prior written notice to the Payee.

4. The amounts due hereunder are payable without deduction or offset in lawful money of the United States of America in immediately available funds to the Payee at its address as set forth above, or at such other place as the holder of this Note shall from time to time designate.

5. It shall be an event of default ("**Event of Default**"), and the then unpaid portion of this Note shall become immediately due and payable, at the election of Payee, upon the occurrence of any of the following events:

(a) any failure on the part of Maker to make any payment hereunder when due, whether by acceleration or otherwise;

(b) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute; or

(c) a proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute and relief is ordered against Maker, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof.

6. The principal balance of this Note and all accrued interest hereunder shall be convertible, in whole or in part, into shares of the Maker's common stock in the manner described below at the option of the Payee or other holder hereof at any time prior to maturity, upon ten (10) days advance written notice to the Maker. The number of shares of the Maker's common stock issuable upon such conversion shall be determined by the Board of Directors of the Company based on what it determines the fair market value of the Company is at the time of such conversion. Upon conversion, this Note shall be canceled and a replacement note on identical terms shall be promptly issued by the maker to the holder hereof to evidence the remaining outstanding principal amount hereof as of the date of the conversion, if applicable. In the event of a stock-split, combination, stock dividend, recapitalization of the Maker or similar event, the conversion price and number of shares issuable upon conversion shall be equitably adjusted to reflect the occurrence of such event.

7. No failure on the part of the Payee or any other holder of this Note to exercise and no delay in exercising any right, remedy or power hereunder or under any other document or agreement executed in connection herewith shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee or any other holder of this Note of any right, remedy or power hereunder preclude any other or future exercise of any other right, remedy or power.

8. This Note shall be binding upon the Maker and the Maker's successors and assigns.

9. This Note shall be governed by and construed in accordance with the laws of the State of New York, excluding the conflicts of laws principles thererof.

10. In the event that any one or more of the provisions of this Note shall for any reason be held to be invalid, illegal or unenforceable, in whole or in part, or in any respect, or in the event that any one or more of the provisions of this Note shall operate, or would prospectively operate, to invalidate this Note, then, and in any such event, such provision or provisions only shall be deemed null and void and of no force or effect and shall not affect any other provision of this Note, and the remaining provisions of this Note shall remain operative and in full force and effect, shall be valid, legal and enforceable, and shall in no way be affected, prejudiced or disturbed thereby.

11. All agreements between Maker and Payee are hereby expressly limited so that in no event whatsoever, whether by reason of deferment in accordance with this Note or under any agreement or by virtue of acceleration or maturity of the Note, or otherwise, shall the amount paid or agreed to be paid to the Payee hereunder or to compensate Payee for damages to be suffered by reason of a late payment hereof, exceed the maximum permissible under applicable law. If enforcement of any provision hereof at the time performance of such provision shall be due, shall exceed the limit of validity prescribed by law, the relevant obligations to be fulfilled shall be deemed reduced to the limit of such validity. This provision shall never be superseded or waived and shall control every other provision of all agreements among Maker and Payee.

12. Subject to applicable federal and state securities laws, the Payee may assign this Note without first obtaining the consent of the Maker.

13. Subject to the applicable cure periods contained herein, time is of the essence of this Note.

14. EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED HEREIN, THE MAKER, AND ALL OTHERS THAT MAY BECOME LIABLE FOR ALL OR ANY PART OF THE OBLIGATIONS EVIDENCED BY THIS NOTE, HEREBY WAIVES PRESENTMENT, DEMAND, NOTICE OF NONPAYMENT, PROTEST AND ALL OTHER DEMANDS AND NOTICES IN CONNECTION WITH THE DELIVERY, ACCEPTANCE, PERFORMANCE OR ENFORCEMENT OF THIS NOTE, AND DOES HEREBY CONSENT TO ANY NUMBER OF RENEWALS OR EXTENSIONS OF THE TIME OF PAYMENT HEREOF AND AGREE THAT ANY SUCH RENEWALS OR EXTENSIONS MAY BE MADE WITHOUT NOTICE TO ANY SUCH PERSONS AND WITHOUT AFFECTING THEIR LIABILITY HEREIN AND DO FURTHER CONSENT TO THE RELEASE OF ANY PERSON LIABLE WITH RESPECT TO FAILURE TO GIVE SUCH NOTICE, (ALL WITHOUT AFFECTING THE LIABILITY OF THE OTHER PERSONS, FIRMS, OR CORPORATIONS LIABLE FOR THE PAYMENT OF THIS NOTE).

15. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE MAKER HEREBY KNOWINGLY AND VOLUNTARILY WAIVES TRIAL BY JURY AND THE RIGHT THERETO IN ANY ACTION OR PROCEEDING OF ANY KIND ARISING UNDER OR OUT OF OR OTHERWISE RELATED TO OR CONNECTED WITH THIS NOTE OR ANY RELATED DOCUMENT.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Amended and Restated Loan Agreement and Convertible Promissory Note on the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk

James Charuk
President

PAYEE:

/s/ James Charuk

James Charuk

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of August 11, 2006 (this "**Agreement**"), by and among SMI Products, Inc., a Nevada Corporation (the "**Company**"), the persons listed on Schedule A to this Agreement (each a "**Seller**" and collectively, the "**Sellers**") and the persons listed on Schedule B to this Agreement (each a "**Purchaser**" and collectively, the "**Purchasers**"). The Company, each Seller and each Purchaser are referred to herein as a "**Party**" and collectively, as the "**Parties**".

BACKGROUND

The Sellers are the owners of 5,551,000 shares of common stock of the Company and collectively desire to sell the number of shares of said stock set forth opposite their names on Schedule A (the "**Seller Shares**"). The Seller Shares represent approximately 73.5% of the issued and outstanding capital stock of the Company as of the date hereof calculated on a fully-diluted basis. Certain Sellers are also the holders of notes payable by the Company in the principal amount of $89,316.32 which, prior to the Closing, shall be exchanged by the Sellers for notes convertible by their terms into the Company's common stock (the "**Seller Notes**"). The Purchasers desire to purchase all of the Seller Shares and all of the Seller Notes by purchasing the number of Seller Shares and the principal amount of Seller Notes set forth opposite their names on Schedule B.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the Company, the Sellers and the Purchasers hereby agree as follows:

1. Purchase and Sale.

Each Seller shall sell, transfer, convey and deliver unto the Purchasers the number of Seller Shares and the principal amount of Seller Notes set forth opposite each such Seller's name on Schedule A to this Agreement, and each Purchaser shall acquire and purchase from the Sellers the Seller Shares and the principal amount of the Seller Notes set forth opposite each such Purchaser's name on Schedule B to this Agreement.

2. Purchase Price.

(a) General. The purchase price (the "**Purchase Price**") for the Seller Shares and the Seller Notes, in the aggregate, is Six Hundred Thirty-Seven Thousand Five Hundred Dollars ($637,500) payable as specified in this Section 2, subject to the other terms and conditions of this Agreement.

(b) Deposit. Concurrent with the execution of this Agreement, Purchasers shall deposit the Purchase Price into escrow.

(c) Payment at Closing. At the Closing, the Purchasers shall pay to the Sellers Six Hundred Thirty-Seven Thousand Five Hundred Dollars ($637,500), which shall be payable in the amounts set forth in Schedule A and allocated among the Sellers, as set forth in a funds flow memorandum to be delivered by the Sellers to the Escrow Agent at the Closing. The total monies payable to Sellers are subject to certain adjustments, as set forth in sub-paragraph (d) below.

(d) Adjustment for Outstanding Assets and Liabilities. The aggregate Purchase Price shall be increased by the amount of any cash or cash equivalents on the Company's balance sheet as of the Closing Date and reduced by the amount of any outstanding liabilities on the Company's balance sheet (other than the Seller Notes) as of the Closing Date.

(e) Finder's Fee. At the Closing, the Purchasers and Sellers shall each pay their respective portion (50%) of the Finder's Fee referenced in Section 9 below. The $12,500 payable by Sellers shall be deducted from the $637,500 and paid out of the escrow by the Escrow Agent.

3. The Closing.

(a) General. The closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place by exchange of documents among the Parties by fax or courier, as appropriate, following the satisfaction or waiver of all conditions to the obligations of the Parties to consummate the transactions contemplated hereby (other than conditions with respect to actions the respective Parties will take at the Closing itself) not later than August 31, 2006 or such other date as the Purchasers and the Sellers may mutually determine in writing (the "**Closing Date**"), which date shall be not later than fifteen days following Purchaser's satisfactory completion of due diligence pursuant to Section 8, below.

(b) Delivery of Certificates in Escrow. Concurrent with the execution of this Agreement, each Seller shall deliver (i) certificates (the "**Certificates**") evidencing all of the Seller Shares held by such Seller and (ii) the Seller Notes to the Washington, DC offices of Thelen Reid & Priest, LLP ("**Law Firm**") on the date hereof. The Law Firm shall hold such certificates in escrow pursuant to the Escrow Agreement (the "**Escrow Agreement**") in the form of Exhibit A being entered into on the date hereof by the Law Firm, the Seller Representative (as defined below) and the Purchaser Representative. Pursuant to the Escrow Agreement, the Certificates will be held in escrow until the Closing at which time the Law Firm shall deliver the Certificates to the Purchasers against delivery to the Sellers of the portion of the Purchase Price that is due at Closing.

(c) Deliveries at the Closing. At the Closing: (i) the Sellers shall deliver to the Purchasers the various certificates, instruments, and documents referred to in Section 12(a) below, (ii) the Purchasers shall deliver to the Sellers the various certificates, instruments, and documents referred to in Section 12(b) below, (iii) the Sellers shall deliver to the Purchasers (A) the Certificates, endorsed in blank or accompanied by duly executed assignment documents and including a Medallion Guarantee, including delivery by releasing the Certificates from escrow, and (B) the Seller Notes along with a note power transferring the Seller Notes to the Purchasers, including delivery by releasing the Seller Notes from Escrow and (iv) the Purchasers shall deliver to the Sellers the Purchase Price.

4. Appointment of Seller and Purchaser Representatives.

(a) Appointment of Seller Representatives. The Sellers hereby irrevocably constitute and appoint, effective as of the date hereof, James Charuk and Rocky McNabb (together with their permitted successors, the "**Seller Representative**"), as their true and lawful agent and attorney-in-fact to enter into any agreement in connection with the transactions contemplated by this Agreement and any transactions contemplated by the Escrow Agreement, to perform on behalf of the Sellers any obligations or undertakings thereunder, to exercise all or any of the powers, authority and discretion conferred on him under any such agreement, to waive any terms and conditions of any such agreement, to give and receive notices on their behalf and to be their exclusive representative with respect to any matter, suit, claim, action or proceeding arising with respect to any transaction contemplated by any such agreement and the Seller Representative agrees to act as, and to undertake the duties and responsibilities of, such agent and attorney-in-fact. This power of attorney is coupled with an interest and irrevocable. The Seller Representative shall not be liable for any action taken or not taken by him in connection with his obligations under this Agreement as long as such actions are taken or omitted in good faith and in the absence of willful misconduct or gross negligence. If the Seller Representative shall be unable or unwilling to serve in such capacity, his successor shall be named by those persons holding more than fifty percent (50%) in interest of the Seller Shares.

(b) Appointment of the Purchaser Representative. The Purchasers hereby irrevocably constitute and appoint, effective as of the date hereof, Fountainhead Capital Partners Limited (together with its permitted successors, the "**Purchaser Representative**"), as their true and lawful agent and attorney-in-fact to enter into any agreement in connection with the transactions contemplated by this Agreement and any transactions contemplated by the Escrow Agreement, to perform on behalf of the Sellers any obligations or undertakings thereunder, to exercise all or any of the powers, authority and discretion conferred on him under any such agreement, to waive any terms and conditions of any such agreement (other than the amount of the Purchase Price), to give and receive notices on their behalf and to be their exclusive representative with respect to any matter, suit, claim, action or proceeding arising with respect to any transaction contemplated by any such agreement and the Purchaser Representative agrees to act as, and to undertake the duties and responsibilities of, such agent and attorney-in-fact. This power of attorney is coupled with an interest and irrevocable. The Purchaser Representative shall not be liable for any action taken or not taken by it in connection with his obligations under this Agreement as long as such actions are taken or omitted in good faith and in the absence of willful misconduct or gross negligence. If the Purchaser Representative shall be unable or unwilling to serve in such capacity, its successor shall be named by those persons agreeing to acquire more than fifty percent (50%) in interest of the Seller Shares pursuant to this Agreement.

5. Representations and Warranties of the Sellers.

Each Seller jointly and severally represents and warrants to the Purchasers that the statements contained in this Section 5 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 5).

(a) Each Seller has the power and authority to execute, deliver and perform such Seller's obligations under this Agreement and to sell, assign, transfer and deliver to the Purchasers the Seller Shares as contemplated hereby. No permit, consent, approval or authorization of, or declaration, filing or registration with any governmental or regulatory authority or consent of any third party is required in connection with the execution and delivery any Seller of this Agreement and the consummation of the transactions contemplated hereby.

(b) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby or compliance with the terms and conditions hereof by the Sellers will violate or result in a breach of any term or provision of any agreement to which any Seller is bound or is a party, or be in conflict with or constitute a default under, or cause the acceleration of the maturity of any obligation of any Seller under any existing agreement or violate any order, writ, injunction, decree, statute, rule or regulation applicable to any Seller or any properties or assets of any Seller.

(c) This Agreement has been duly and validly executed by each Seller, and constitutes the valid and binding obligation of each Seller and the Company, enforceable against each Seller and the Company in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by limitations, on the availability of equitable remedies. The Seller Representative has been duly appointed herein by the Sellers and has complete authority to act on behalf of the Sellers in matters relating to this Agreement and the transactions contemplated hereby

(d) The Seller Shares are owned beneficially and of record by each Seller in the amounts specified on Schedule A and are validly issued and outstanding, fully paid for and non-assessable with no personal liability attaching to the ownership thereof. The Seller Notes specified on Schedule A represent amounts due by the Company to the holders thereof. Each Seller owns the number of Seller Shares and the principal amount of Seller Notes set forth opposite such Seller's name on Schedule A free and clear of all liens, charges, security interests, encumbrances, claims of others, options, warrants, purchase rights, contracts, commitments, equities or other claims or demands of any kind (collectively, "**Liens**"), and upon delivery of the Seller Shares and Seller Notes to the Purchasers, the Purchasers will acquire good, valid and marketable title thereto free and clear of all Liens. No Seller is a party to any option, warrant, purchase right, or other contract or commitment that could require the Seller to sell, transfer, or otherwise dispose of any capital stock of the Company (other than pursuant to this Agreement). No Seller is a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock of the Company.

(e) At least 526,000 shares of the Seller Shares have been held by non-affiliates of the Company for at least two years and are eligible for sale under Rule 144(k).

6. Representations and Warranties of the Company.

(a) The Company is a corporation in good standing duly incorporated in the State of Nevada. The Company is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required. The Company has full corporate power and authority and all licenses, permits, and authorizations necessary to carry on its business. The Company has no subsidiaries and does not control any other subsidiaries, directly or indirectly, or have any direct or indirect equity participation in any other entity.

(b) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby or compliance with the terms and conditions hereof by the Company will violate or result in a breach of any term or provision of any agreement to which the Company is bound or is a party, or the Company's Certificate of Incorporation or By-Laws, or be in conflict with or constitute a default under, or cause the acceleration of the maturity of any obligation of the Company under any existing agreement or violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company or any of its properties or assets.

(c) This Agreement has been duly and validly executed by the Company and constitutes the valid and binding obligation of the Company, enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by limitations, on the availability of equitable remedies.

(d) The Company's authorized capital stock, as of the date of this Agreement and as of the Closing, consists of 100,000,000 shares of Common Stock, $0.001 par value per share, of which 7,551,000 shares are issued and outstanding. The Company has not reserved any shares of its Common Stock for issuance upon the exercise of options, warrants or any other securities that are exercisable or exchangeable for, or convertible into, Common Stock. All of the issued and outstanding shares of Common Stock are validly issued, fully paid and non-assessable and have been issued in compliance with applicable laws, including, without limitation, applicable federal and state securities laws. There are no outstanding options, warrants or other rights of any kind to acquire any additional shares of capital stock of the Company or securities exercisable or exchangeable for, or convertible into, capital stock of the Company, nor is the Company committed to issue any such option, warrant, right or security. There are no agreements relating to the voting, purchase or sale of capital stock (i) between or among the Company and any of its stockholders, (ii) between or among any Seller and any third party, or (iii) to the best knowledge of the Sellers between or among any of the Company's stockholders. The Company is not a party to any agreement granting any stockholder of the Company the right to cause the Company to register shares of the capital stock of the Company held by such stockholder under the Securities Act. The stockholder list provided to the Purchasers is a current shareholder list generated by its transfer agent, and such list accurately reflects all of the issued and outstanding shares of the Company's Common Stock.

(e) The Company does not have any restrictions in place relative to its ability to implement any reverse split of its common stock

(f) As of the date hereof the Company has total Liabilities of no more than $15,000, not including the Seller Notes, which Liabilities will be paid off at or prior to the Closing and shall in no event become the Liability of the Purchasers or remain the Liabilities of the Company following the Closing.

(g) There is no legal, administrative, investigatory, regulatory or similar action, suit, claim or proceeding which is pending or, to any Seller's knowledge, threatened against the Company.

(h) The Company has, to the best of its information and belief, 4 market makers for its common shares and such market makers have obtained all permits and made all filings necessary in order for such market makers to continue as market makers of the Company.

(i) During the period from its inception through March 31, 2006, the Company has filed or furnished (i) all reports, schedules, forms, statements, prospectuses and other documents required to be filed with, or furnished to, the Securities and Exchange Commission (the "**SEC**") by the Company (all such documents, as amended or supplemented, are referred to collectively as, the "**Company SEC Documents**") and (ii) all certifications and statements required by (x) Rule 13a-14 or 15d-14 under the Exchange Act, or (y) 18 U.S.C. Sec.1350 (Section 906 of the Sarbanes-Oxley act of 2002) with respect to any applicable Company SEC Document (collectively, the "**SOX Certifications**"). The Company has made available to the Purchasers all SOX Certifications and comment letters received by the Company from the staff of the SEC and all responses to such comment letters by or on behalf of the Company. Through September 30, 2003, the Company complied in all respects with its SEC filing obligations under the Exchange Act and the Securities Act. Each of the audited financial statements and related schedules and notes thereto and unaudited interim financial statements of the Company (collectively, the "**Company Financial Statements**") contained in the Company SEC Documents (or incorporated therein by reference) were prepared in accordance with United States generally accepted accounting principles applied on a consistent basis ("**GAAP**") (except in the case of interim unaudited financial statements) except as noted therein, and fairly present in all respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations, cash flows and changes in stockholders' equity for the periods then ended, subject (in the case of interim unaudited financial statements) to normal year-end audit adjustments (the effect of which will not, individually or in the aggregate, be adverse) and, such financial statements complied as to form as of their respective dates in all respects with applicable rules and regulations of the SEC. The financial statements referred to herein reflect the consistent application of such accounting principles throughout the periods involved, except as disclosed in the notes to such financial statements. No financial statements of any Person not already included in such financial statements are required by GAAP to be included in the consolidated financial statements of the Company. As of their respective dates, each the Company SEC Document was prepared in accordance with and complied with the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations thereunder, and the Company SEC Documents (including all financial statements included therein and all exhibits and schedules thereto and all documents incorporated by reference therein) did not, as of the date of effectiveness in the case of a registration statement, the date of mailing in the case of a proxy or information statement and the date of filing in the case of other the Company SEC Documents, contain any untrue statement of a fact or omit to state a fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Neither the Company nor, to the Company's knowledge, any of its officers has received notice from the SEC or any other governmental authority questioning or challenging the accuracy, completeness, content, form or manner of filing or furnishing of the SOX Certifications.

(j) The Company has properly filed all federal, state and local tax returns and has paid all taxes, assessments and penalties due and payable. All such tax returns were complete and correct in all respects as filed, and no claims have been assessed with respect to such returns. There are no present, pending, or threatened audit, investigations, assessments or disputes as to taxes of any nature payable by the Company or any of its subsidiaries, nor any tax liens whether existing or inchoate on any of the assets of the Company or any of its subsidiaries, except for current year taxes not presently due and payable. No IRS or foreign, state, county or local tax audit is currently in progress. Neither the Company nor any of its subsidiaries has waived the expiration of the statute of limitations with respect to any taxes. There are no outstanding requests by the Company or any of its Subsidiaries for any extension of time within which to file any tax return or to pay taxes shown to be due on any tax return.

(k) The Company does not have any ongoing operations and does not employ any employees and does not maintain any employee benefit or stock option plans.

(l) Since March 31, 2006, there has not been any event or condition of any character which has adversely affected, or may be expected to adversely affect, the Company's business or prospects, including, but not limited to any adverse change in the condition, assets, liabilities (existing or contingent) or business of the Company from that shown in the financial statements of the Company included in its quarterly report on Form 10-QSB filed for the quarter ended March 31, 2006.

(m) The Company has complied in all material respects with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of all governmental authorities, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Company alleging any failure so to comply. To the knowledge of any Seller, neither the Company, nor any officer, director, employee, consultant or agent of the Company has made, directly or indirectly, any payment or promise to pay, or gift or promise to give or authorized such a promise or gift, of any money or anything of value, directly or indirectly, to any governmental official, customer or supplier for the purpose of influencing any official act or decision of such official, customer or supplier or inducing him, her or it to use his, her or its influence to affect any act or decision of a governmental authority or customer, under circumstances which could subject the Company or any officers, directors, employees or consultants of the Company to administrative or criminal penalties or sanctions.

(n) No representation or warranty by the Company in this Agreement, nor in any certificate, schedule or exhibit delivered or to be delivered pursuant to this Agreement contains or will contain any untrue statement of material fact, or omits or will omit to state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading.

(o) All the capital stock of the Company that was registered pursuant to the registration on Form SB-2 filed by the Company with the SEC on July 31, 2001 were sold and there are no unsold shares remaining from that registration.

7. Representations and Warranties of the Purchasers.

Each Purchaser represents and warrants to the Sellers as follows:

(a) Each Purchaser has full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. This Agreement constitutes a valid and binding obligation of each Purchaser enforceable in accordance with its terms, except as (i) the enforceability hereof may be limited by bankruptcy, insolvency or similar laws affecting the enforceability of creditor's rights generally and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

(b) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby, nor compliance by any Purchaser with any of the provisions hereof will: violate, or conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in the creation of any Lien upon any of the properties or assets of Purchaser under any of the terms, conditions or provisions of any material note, bond, indenture, mortgage, deed or trust, license, lease, agreement or other instrument or obligation to which he is a party or by which he or any of his properties or assets may be bound or affected, except for such violations, conflicts, breaches or defaults as do not have, in the aggregate, any material adverse effect; or violate any material order, writ, injunction, decree, statute, rule or regulation applicable to Purchaser or any of its properties or assets, except for such violations which do not have, in the aggregate, any material adverse effect.

(c) Each Purchaser is acquiring the Seller Shares and Seller Notes for its own account for investment and not for the account of any other person and not with a view to or for distribution, assignment or resale in connection with any distribution within the meaning of the Securities Act. Each Purchaser agrees not to sell or otherwise transfer the Seller Shares unless they are registered under the Securities Act and any applicable state securities laws, or an exemption or exemptions from such registration are available. Each Purchaser has knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of acquiring the Seller Shares and Seller Notes.

(d) No permit, consent, approval or authorization of, or declaration, filing or registration with any governmental or regulatory authority or the consent of any third party is required in connection with the execution and delivery by Purchaser of this Agreement and the consummation of the transactions contemplated hereby.

8. Due Diligence.

Prior to the Closing, the Purchasers will conduct a due diligence investigation relative to the Company and the representations, warranties and covenants of the Sellers and the Company. Sellers and the Company agree to provide the Purchasers and its agents and representatives with any and all due diligence documents reasonably requested, including but not limited to financial statements and evidence of the Company's good standing in all jurisdictions where it is authorized to do business. Purchaser shall have the right, in its sole discretion, to terminate this Purchase Agreement at any time prior to the Closing, without any liability therefor, should it determine that any representation, warranty or covenant of any Seller or the Company is untrue, misleading or cannot be verified through the due diligence process or if the Purchasers determine, in their sole discretion that the Company is unsuitable for use as a vehicle for a reverse acquisition transaction.

9. Brokers and Finders.

Other than Jeff Nunez, who is entitled to payment of $25,000.00 upon Closing, payable equally ($12,500.00 each) by Purchaser Representative and Seller Representative, there are no other finders and no parties shall be responsible for the payment of any finders' fees other than as specifically set forth herein. Other than the foregoing, neither any Seller nor the Company, nor any of their respective directors, officers or agents on their behalf, have incurred any obligation or liability, contingent or otherwise, for brokerage or finders' fees or agents' commissions or financial advisory services or other similar payment in connection with this Agreement.

10. Pre-Closing Covenants.

The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing.

(a) General. Each of the Parties will use his or its best efforts to take all action and to do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the closing conditions set forth in Section 12 below).

(b) Form 8-K Filing; Notices and Consents. Concurrent with the Closing of this Agreement, the Company shall cause a Form 8-K to be filed with the U.S. Securities and Exchange Commission with respect to its having entered into a material definitive agreement. The Seller Representative will cause the Company to give any notices to third parties, and will cause the Company to use its best efforts to obtain any third party consents, that the Purchaser Representative may reasonably request. Each of the Parties will (and the Sellers will cause the Company to) give any notices to, make any filings with, and use its best efforts to obtain any authorizations, consents, and approvals of governmental authorities necessary in order to consummate the transactions contemplated hereby. The parties acknowledge that SEC Rule 14f-1 under the Securities Exchange Act requires that an information statement containing certain specified disclosures be filed with the Securities and Exchange Commission and mailed to the Company's shareholders at least 10 days before any person designated by the Purchasers can become a director of the Company. The Purchasers and the Sellers agree to cooperate fully with the Company in the preparation and filing of such information statement and to provide all information therefor respectively needed from them in a timely manner, so as not to cause undue delay in the filing of the information statement or any amendment thereto. Otherwise, neither the Company nor any Seller is aware of any third party consent nor other filing or notice to third parties that is necessary in respect of this Agreement.

(c) Operation of Business. The Seller will not cause or permit the Company to engage in any practice, take any action, or enter into any transaction except for ministerial matters necessary to maintain the Company in good standing and to arrange for the filing of all necessary reports required under the Securities Exchange Act to make the Company a reporting company. Without limiting the generality of the foregoing, the Sellers will not cause or permit the Company to (i) declare, set aside, or pay any dividend or make any distribution with respect to its capital stock or redeem, purchase, or otherwise acquire any of its capital stock except as otherwise expressly specified herein, (ii) issue, sell, or otherwise dispose of any of its capital stock, or grant any options, warrants, preemptive or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its capital stock, (iii) make any capital expenditures, loans, or incur any other obligations or liabilities, (iv) enter into any agreements involving expenditures individually, or in the aggregate, of more than $1,000 (other than agreements for professional services which will be paid in full at or prior to the Closing), (v) enter into any agreement or incur any other commitment or (vi) otherwise engage in any practice, take any action, or enter into any transaction that is inconsistent with the transactions contemplated hereby.

(d) Preservation of Business. The Sellers will cause the Company to keep its business and properties substantially intact.

(e) Notice of Developments. The Sellers will give prompt written notice to the Purchaser Representative of any material adverse development causing a breach of any of the representations and warranties in Section 5 above. No disclosure by any Party pursuant to this Section 10, however, shall be deemed to amend or supplement the disclosures contained in the Schedules hereto or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

(f) Exclusivity. During the pendency of this Agreement, none of the Sellers or the Company shall, directly or indirectly, (i) solicit, initiate, or encourage the submission of any proposal or offer from any person relating to the acquisition of the Seller Shares, Seller Notes or any capital stock or other voting securities, or any assets (including any acquisition structured as a merger, consolidation, or share exchange) of the Company or (ii) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any person to do or seek any of the foregoing. None of the Sellers will vote the shares of the Company's Common Stock held by them in favor of any such acquisition structured as a merger, consolidation, or share exchange. The Sellers shall notify the Purchaser immediately if any person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

11. Post-Closing Covenants. The Parties agree as follows with respect to the period following the Closing.

(a) General. In case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 13 below). The Sellers acknowledge and agree that from and after the Closing the Purchasers will be entitled to possession of all documents, books, records (including tax records), agreements, and financial data of any sort relating to the Company.

(b) Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving the Company, the other Party will cooperate with him or it and his or its counsel in the contest or defense, make available their personnel, and provide such testimony and access to their books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under Section 13 below).

(c) Reverse Merger Transaction. The Purchasers shall not vote for or otherwise cause the Company to enter into any "reverse merger" transaction with a target private company unless the same is done concurrent with a the target company completing a capital raise of at least $5.0 million at not less than a valuation of $2.00 per share.

12. Conditions to Obligation to Close.

(a) Conditions to Obligation of the Purchaser.

The obligation of the Purchasers to consummate the transactions to be performed by the Purchasers in connection with the Closing are subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Sections 5 and 6 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) the Sellers shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) the Company shall have procured all of the third party consents required in order to effect the Closing;

(iv) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement, (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, (C) affect adversely the right of the Purchasers to own the Seller Shares, Seller Notes and to control the Company, or (D) affect adversely the right of the Company to own its assets and to operate its businesses (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(v) the Sellers shall have delivered to the Purchasers a certificate to the effect that (A) each of the conditions specified above in Section 12(a)(i)-(iv) is satisfied in all respects, and (B) as of the Closing, the Company has no Liabilities;

(vi) The Purchasers shall have received an opinion of counsel customary for transactions of this type that covers, among other things, that the Seller Shares were validly issued, are fully paid and non-assessable and were issued in compliance with all laws, including, without limitation, applicable federal and state securities law, that the Seller Notes are duly enforceable obligations of the Company and will continue to be so enforceable after being transferred to the Purchasers at the Closing, and that the transactions contemplated hereby are being effected in compliance with state and federal securities laws;

(vii) the Purchasers shall have received the resignations, effective as of the tenth (10^{th}) day following the filing by the Company of a Schedule 14f-1 information statement with the Securities and Exchange Commission, of each director of the Company and the Purchasers shall have received the resignations, effective as of the Closing, of each officer of the Company. The designees specified by the Purchasers shall have been appointed as officers of the Company and any designees of the Purchasers who may be lawfully appointed to the Board of Directors of the Company as of the Company shall have been appointed;

(viii) there shall not have been any occurrence, event, incident, action, failure to act, or transaction since March 31, 2006 which has had or is reasonably likely to cause a material adverse effect on the business, assets, properties, financial condition, results of operations or prospects of the Company;

(ix) the Purchasers shall have completed their business, accounting and legal due diligence review of the Company, and the results thereof shall be satisfactory to the Purchasers;

(x) the Purchasers shall have received such pay-off letters and releases relating to Liabilities as they shall have requested and such pay-off letters shall be in form and substance satisfactory to the Purchasers;

(xi) the Purchasers shall have conducted UCC, judgment lien and tax lien searches with respect to the Company, the results of which indicate no liens on the assets of the Company;

(xii) the Company shall have delivered its Certificate of Incorporation and bylaws, both as amended to the Closing Date, certified by the Secretary of the Company, resolutions adopted by the Board of Directors of the Company authorizing this Agreement and the transactions contemplated hereby and the Company shall have delivered to the Purchasers the Company's original minute book and corporate seal and all other original corporate documents and agreements;

(xiii) the Company shall deliver to the Purchasers a Certificate of Good Standing in respect of the Company issued by the Nevada Secretary of State dated no earlier than 5 days prior to the closing.

(xiv) the Company shall have maintained at and immediately after the Closing its status as a company whose Common Stock is quoted on the OTB Bulletin Board; and

(xv) all actions to be taken by the Seller in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to the Purchasers.

(xvi) At the Closing, there shall be no more than 200,000 shares of the Company issued and outstanding other than the Seller Shares on a pro-forma basis following the effective date of the reverse split described in Section 12(a)(xviii), below.

(xvii) Prior to the Closing, the Company shall cause to be prepared the Company's unaudited financial statements for the period ended June 30, 2006 and shall have filed with the U.S. Securities and Exchange Commission prior to the Closing the Company's Form 10-QSB for the period ended June 30, 2006. The costs of such audit and preparation and filing of the Form 10-QSB shall be at the sole expense of the Company. James Charuk shall remain an officer of the Company until the Form 10-QSB has been completed and filed with the U.S. Securities and Exchange Commission. James Charuk agrees to execute the Form 10-QSB on behalf of the Company, together with all SOX certifications required to be submitted therewith and any management representation letters required in connection with the review thereof by the Company's auditors.

(xviii) A majority of the shareholders of the Company shall have approved a reverse split of the Company's common shares such that the total number of the Company's common shares outstanding other than the Seller Shares (on a pro-forma basis) does not exceed 200,000 shares and the Company shall have filed with the U.S. Securities and Exchange Commission a Preliminary Information Statement with respect to such action. At the sole option of the Purchasers, they may elect to permit the purchase of the Seller Shares and Seller Notes to close prior to the filing by the Company of a Definitive Information Statement with respect to such action, the mailing of the Definitive Information Statement to the Company's shareholders and the passage of the required time before such action is effective.

The Purchasers may waive any condition specified in this Section 12(a) at or prior to the Closing in writing executed by the Purchasers.

(b) Conditions to Obligation of the Seller.

The obligations of the Sellers to consummate the transactions to be performed by it in connection with the Closing are subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 7 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) the Purchasers shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(iii) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) the Purchasers shall have delivered to the Sellers a certificate to the effect that each of the conditions specified above in Section 12(b)(i)-(iii) is satisfied in all respects;

(v) The holders of the Seller Notes shall have converted the loans they have made to the Company in the approximate amount of $89,316.32 into convertible notes which by their terms may be converted into a number of shares of the Company's common stock, to be designated by the Purchasers.

(vi) all actions to be taken by the Purchasers in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to the Sellers.

The Sellers may waive any condition specified in this Section 12(b) at or prior to the Closing in writing executed by the Seller.

13. Remedies for Breaches of This Agreement.

(a) Survival of Representations and Warranties. All of the representations and warranties of the Parties shall survive the Closing hereunder (even if a Party knew or had reason to know of any misrepresentation or breach of warranty by another Party at the time of Closing) and continue in full force and effect for a period of twenty four (24) months thereafter.

(b) Indemnification Provisions for Benefit of the Purchasers.

(i) In the event any Seller breaches (or in the event any third party alleges facts that, if true, would mean any Seller has breached) any of its representations, warranties, and covenants contained herein, and, if there is an applicable survival period pursuant to Section 13(a) above, provided that the Purchasers make a written claim for indemnification against the Sellers within such survival period, then the Sellers shall jointly and severally indemnify the Purchasers from and against the entirety of any Adverse Consequences the Purchasers may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Purchasers may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach (or the alleged breach). For purposes of this Agreement, "**Adverse Consequences**" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, dues, penalties, fines, costs, amounts paid in settlement, Liabilities, obligations, taxes, Liens, losses, lost value, expenses, and fees, including court costs and attorneys' fees and expenses.

(ii) The Sellers shall indemnify the Purchasers from and against the entirety of any Adverse Consequences the Purchasers may suffer resulting from, arising out of, relating to, in the nature of, or caused by any Liability of the Company (whether or not accrued or otherwise disclosed) (x) for any taxes of the Company with respect to any tax year or portion thereof ending on or before the Closing Date (or for any Tax year beginning before and ending after the Closing Date to the extent allocable to the portion of such period beginning before and ending on the Closing Date) and (y) for the unpaid taxes of any Person (other than the Company) under Section 1.1502-6 of the Regulations adopted under the Code (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(iii) The Seller shall indemnify the Purchasers from and against the entirety of any Liabilities arising out of the ownership of the Shares or operation of the Company prior to the Closing.

(iv) The Seller shall indemnify the Purchasers from and against the entirety of any Adverse Consequences the Purchasers may suffer resulting from, arising out of, relating to, in the nature of, or caused by any indebtedness or other Liabilities of the Company existing as of the Closing Date.

(c) Indemnification Provisions for Benefit of the Seller. In the event the Purchasers breach (or in the event any third party alleges facts that, if true, would mean the Purchasers has breached) any of its representations, warranties, and covenants contained herein, and, if there is an applicable survival period pursuant to Section 13(a) above, provided that the Seller makes a written claim for indemnification against the Purchasers within such survival period, then the Purchasers shall indemnify the Seller from and against the entirety of any Adverse Consequences the Seller may suffer through and after the date of the claim for indemnification (including any Adverse Consequences the Seller may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach (or the alleged breach).

(d) Matters Involving Third Parties.

(i) If any third party shall notify any Party (the "**Indemnified Party**") with respect to any matter (a "**Third Party Claim**") which may give rise to a claim for indemnification against any other Party (the "**Indemnifying Party**") under this Section 13, then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(ii) Any Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (A) the Indemnifying Party notifies the Indemnified Party in writing within 10 days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim, (B) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (C) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief, (D) settlement of, or an adverse judgment with respect to, the Third Party Claim is not, in the good faith judgment of the Indemnified Party, likely to establish a precedential custom or practice adverse to the continuing business interests of the Indemnified Party, and (E) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently.

(iii) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with Section 13(d)(ii) above, (A) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld unreasonably), and (C) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably).

(iv) In the event any of the conditions in Section 13(d)(ii) above is or becomes unsatisfied, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), (B) the Indemnifying Parties will reimburse the Indemnified Party promptly and periodically for the costs of defending against the Third Party Claim (including attorneys' fees and expenses), and (C) the Indemnifying Parties will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim to the fullest extent provided in this Section 13.

(v) Other Indemnification Provisions. The Seller hereby indemnifies the Company against any and all claims that may be filed by a current or former officer, director or employee of the Seller by reason of the fact that such person was a director, officer, employee, or agent of the Company or was serving the Company at the request of the Seller or the Company as a partner, trustee, director, officer, employee, or agent of another entity, whether such claim is for accrued salary, compensation, indemnification, judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement, or otherwise) with respect to any action, suit, proceeding, complaint, claim, or demand brought against the Company (whether such action, suit, proceeding, complaint, claim, or demand is pursuant to an agreement, applicable law, or otherwise).

14. Termination.

(a) Termination of Agreement. The Parties may terminate this Agreement as provided below:

(b) the Purchasers and the Seller may terminate this Agreement by mutual written agreement at any time prior to the Closing;

(c) the Purchasers may terminate this Agreement by giving written notice to the Seller at any time prior to the Closing if (A) the aggregate of the Company's Liabilities (other than the Seller Notes) is equal to, or exceeds $1,000; (B) in the event the Seller has breached any material representation, warranty, or covenant contained in this Agreement in any material respect and the Purchasers has notified the Seller of the breach, and the breach has continued without cure for a period of 2 days after the notice of breach; (C) if the Closing shall not have occurred on or before August 31, 2006 by reason of the failure of any condition precedent under Section 12(a) hereof (unless the failure results primarily from the Purchasers themselves breaching any representation, warranty, or covenant contained in this Agreement) or (D) the Purchasers determine, in their sole discretion, that the Company is unsuitable for use as a vehicle for a reverse acquisition transaction; and

(d) the Sellers may terminate this Agreement by giving written notice to the Purchasers at any time prior to the Closing (A) in the event the Purchasers has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Sellers have notified the Purchasers of the breach, and the breach has continued without cure for a period of 2 days after the notice of breach or (B) if the Closing shall not have occurred on or before August 31, 2006, by reason of the failure of any condition precedent under Section 12(b) hereof (unless the failure results primarily from the Sellers themselves breaching any representation, warranty, or covenant contained in this Agreement).

(e) Effect of Termination. The Seller shall in no event be permitted to terminate this Agreement unless prior to or accompanying any notice of termination delivered hereunder the Sellers (i) have delivered to the Purchasers the Cash Deposit and any portion of the Purchase Price theretofore paid by the Purchasers and (ii) have notified the Law Firm in writing that any amounts held in escrow by it may released to the Purchasers. If the Purchasers terminate this Agreement pursuant to this Section 14, then the Sellers shall immediately pay to the Purchasers any portion of the Purchase Price theretofore paid by the Purchasers and the Sellers shall immediately notify the Law Firm in writing that any amounts held in escrow by it may released to the Purchasers. Except as aforesaid, if this Agreement terminates pursuant to this Section 14, all rights and obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party, except for any Liability of a Party that is then in breach.

(f) Limitation on Damages. In the event that the transaction would have closed but for the breach of this Agreement by the other party or the other party's refusal to close for any reason except those set forth herein, then the party that breaches this Agreement or refuses to close shall reimburse the not at fault party for its documented reasonable legal fees and related out-of-pocket expenses it has incurred in connection with the transaction not to exceed a maximum of $15,000.00. The parties agree that any damages payable on account of any breach of this Agreement shall be expressly limited to such amount.

15. Miscellaneous.

(a) Facsimile Execution and Delivery. Facsimile execution and delivery of this Agreement is legal, valid and binding execution and delivery for all purposes.

(b) Confidentiality; Press Releases and Public Announcements. Except as and to the extent required by law, no Party will disclose or use and will direct its representatives not to disclose or use any information with respect to the transaction which is the subject ot this Agreement, without the consent of the other Parties. Neither the Sellers nor the Company shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the Purchasers; provided, however, that the Company may make any public disclosure it believes in good faith is required by applicable law or any listing or trading agreement concerning its publicly-traded securities (in which case the Sellers and the Company will use their best efforts to advise the other Parties prior to making the disclosure).

(c) No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person other than the Parties and their respective successors and permitted assigns.

(d) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(e) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his or its rights, interests, or obligations hereunder without the prior written approval of the Purchasers and the Sellers; provided, however, that the Purchasers may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates, and (ii) designate one or more of its Affiliates to perform its obligations hereunder, but no such assignment shall operate to release Purchasers or a successor from any obligation hereunder unless and only to the extent that Seller agrees in writing.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) Headings. The Section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Seller (or the Company prior to the Closing):

Rocky McNabb
10684 East Fanfol Lane
Scottsdale, AZ 85258
(480) 314-5651
Fax (480) 314-9037

If to the Purchasers:

Fountainhead Capital Partners Limited
c/o Robert L. B. Diener
122 Ocean Park Blvd.
Suite 307
Santa Monica, CA 90405
(310) 396-1691
Fax (310) 362-8887

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York.

(j) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchasers and the Sellers or their respective representatives. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(l) Expenses. Each of the Parties and the Company will bear his or its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. The Sellers agree that the Company has not borne or will not bear any of the Sellers' costs and expenses (including any of their legal fees and expenses) in connection with this Agreement or any of the transactions contemplated hereby. However, Purchaser shall be solely responsible, and shall pay, all legal fees in connection with the Escrow and Escrow Agent, but the Purchaser Representative and Seller Representative shall each pay 50% of the costs and expenses of the escrow, as provided in the Escrow Agreement.

(m) Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state or local statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant. Nothing in the disclosure Schedules attached hereto shall be deemed adequate to disclose an exception to a representation or warranty made herein, however, unless the disclosure Schedules identifies the exception with particularity and describes the relevant facts in detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item in the disclosure Schedules or supplied in connection with the Purchasers' due diligence review, shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty has to do with the existence of the document or other item itself).

(n) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(o) Specific Performance. Each of the Parties acknowledges and agrees that the other Parties would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter (subject to the provisions set forth in Section 15(p) below), in addition to any other remedy to which they may be entitled, at law or in equity.

(p) Submission to Jurisdiction. Each of the Parties submits to the jurisdiction of any state or federal court sitting in New York County, New York, in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Any Party may make service on any other Party by sending or delivering a copy of the process to the Party to be served at the address and in the manner provided for the giving of notices in Section 15(h) above. Nothing in this Section 15(p), however, shall affect the right of any Party to bring any action or proceeding arising out of or relating to this Agreement in any other court or to serve legal process in any other manner permitted by law or at equity. Each Party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

(q) Seller Acknowledgements. Each of the Sellers acknowledges that he, she or it: (i) has read the Transaction Agreements; (ii) has been represented in the preparation, negotiation, and execution of the Transaction Documents by legal counsel of his own choice; (iii) understands the terms and consequences of the Transaction Documents; (iv) is fully aware of the legal and binding effect of the Transaction Documents; and (v) understands that the Law Firm of Michael J. Morrison is acting as counsel to the Company in connection with the transactions contemplated by the Transaction Documents and that the law firm of Thelen Reid & Priest LLP is acting as counsel to the Purchasers in connection with the transactions contemplated by the Transaction Documents, and that neither firm is acting as counsel for any of the Sellers.

[signature pages follow]

[Seller Signature Page]

IN WITNESS WHEREOF, each of the undersigned **Sellers** has duly executed this Agreement the date first above written.

JAMES CHARUK

/s/ James M. Charuk
James M. Charuk

TODD D. MCNABB

/s/ Todd D. McNabb
Todd D. McNabb

GORDON F. MCNABB

/s/ Gordon F. McNabb
Gordon F. McNabb

LIESSA M. MCNABB

/s/ Liessa M. McNabb
Liessa M. McNabb

HOPE MCNABB

/s/ Hope McNabb
Hope McNabb

DARWIN FORER

/s/ Darwin Forer
Darwin Forer

ROBERT E. JEFFERY

/s/ Robert E. Jeffery
Robert E. Jeffery

LYONS HAMILTON (in trust)

By: /s/Donald A. Lyons
Donald A. Lyons
Partner

ARMOR CAPITAL FUND

By: /s/ Tibor Gajdics
Tibor Gajdics
President

[Purchaser Signature Page]

IN WITNESS WHEREOF, each of the undersigned **Purchasers** has duly executed this Agreement the date first above written.

FOUNTAINHEAD CAPITAL PARTNERS LIMITED

By: /s/ Gisele Le Miere
Gisele Le Miere
Director

By: /s/ Eileen O'Shea
Eileen O'Shea
Director

[Company Signature Page]

IN WITNESS WHEREOF, the **Company** has duly executed this Agreement the date first above written.

SMI PRODUCTS, INC.

By: /s/ James Charuk
Name: James Charuk
Title: President

[Signature Page for Seller Representative and Purchaser Representative]

IN WITNESS WHEREOF, each of the undersigned **representatives** has duly executed this Agreement **with respect to the obligations set forth in Section 4 of this Agreement only** as of the date first above written.

SELLER REPRESENTATIVE:

/s/ James Charuk
James Charuk

/s/ Rocky McNabb
Rocky McNabb

PURCHASER REPRESENTATIVE:

FOUNTAINHEAD CAPITAL PARTNERS LIMITED

By: /s/ Gisele Le Miere
Gisele Le Miere
Director

By: /s/ Eileen O'Shea
Eileen O'Shea
Director

[Signature Page for Principal Executive Officer of the Company]

IN WITNESS WHEREOF, the undersigned being the **Principal Executive Officer of the** Company has duly executed this Agreement as of the date first above written.

PRINCIPAL EXECUTIVE OFFICER:

/s/ James Charuk
James Charuk
Executing this Agreement in his individual capacity in order to induce the Purchasers to enter into this Agreement

SCHEDULE A

SELLERS

NAME OF SELLER	NUMBER OF SELLER SHARES	PRINCIPAL AMOUNT OF SELLER NOTES
James M. Charuk	5,000,000	$15,422.73
Gordon F. McNabb	151,000	--
Todd D. McNabb	248,000	--
Lyons Hamilton In Trust	152,000	--
Liessa M. McNabb	--	$17,300
Robert E. Jeffery	--	$11,000
Armor Capital Partners Inc.	--	$30,593.59
Hope McNabb	--	$5,000
Darwin Forer	--	$10,000

SCHEDULE B

PURCHASERS

NAME AND ADDRESS OF PURCHASER	NUMBER OF SELLER SHARES	PRINCIPAL AMOUNT OF SELLER NOTES
Fountainhead Capital Partners Limited c/o Robert L. B. Diener 122 Ocean Park Blvd. Suite 307 Santa Monica, CA 90405	5,551,000	$89,316.32