



## PARTS HEADQUARTERS INC.

1175 APPLEBY LINE, UNIT C2, BURLINGTON, ONTARIO L7L 5H9  
TEL: 905-332-3271 FAX: 905-332-9497 TOLL FREE: 1-800-267-2082  
INTERNET: [www.partshq.com](http://www.partshq.com)

June 15, 2008

To Whom It May Concern:

Parts HeadQuarters Inc. (PHQ) was incorporated in 1985, with a business plan to purchase existing recognized name brand high quality product lines of mining equipment and to continue the manufacture of those product lines of equipment and spare parts for underground mining applications. Parts HeadQuarters Inc entered an agreement with Boart International to purchase the JOY Hoist and Slusher product lines as well as several associated product lines. PHQ worked in partnership with Boart to continue the supply of those product lines to existing customers in Canada and abroad. In 1992 PHQ purchased the JOY Rock Drill product line from Boart with the objective of continuing the supply of these high quality drills and parts to existing customers. In 1997 PHQ began manufacturing PHQ250 and PHQ36 Rock Drills and related equipment in competition with Boart and began developing separate distribution networks in countries where mining is a dominant industry. In 2000 PHQ purchased the JKS product line of diamond drills and pumps from Atlas Copco in an agreement allowing PHQ to manufacture and continue the supply of this equipment to Atlas Copco around the world as well as to other customers. PHQ has continued independent product development over the years to improve and modernize all of this equipment and now supply a complete range of high quality pneumatic diamond drilling and percussive drilling equipment for the underground mining industry and gasoline and diesel powered equipment for surface diamond core drilling exploration industry. Parts HeadQuarters Inc. quality system has constantly been certified since 2006 and is presently certified to level ISO9001:2000. PHQ is a member of CAMESE the Canadian Association of Mining Equipment and Services for Export and listed in their compendium.

Parts HeadQuarters Inc has increased sales volumes at a steady pace over the past 23 years from \$1,000,000 per annum in the first years to our present level of \$7,000,000 per annum. Over the past three years PHQ is increasing in sale volumes at a rate of 30% per annum. The high quality and competitive pricing of our products gained us increasing sales not only in Canada and USA but also in Central and South America, Europe, Asia, Australia and now starting in Africa. PHQ are now producing assembled equipment for bulk purchases from major customers. PHQ is often the sole supplier of pneumatic drilling equipment to large mining groups. In Canada PHQ have a network of sales agents and distributors across the country and supply major mining groups such as INCO-Vale, Xstrata, IAMGOLD, Mines Agnico Eagle, Atlas Copco-JKS Boyles and Mines Aurizon. PHQ sells in the USA through distributors located in Tennessee, Arizona and Idaho. Overseas PHQ is selling to Atlas Copco-JKS Boyles around the world, American Barrick in Tanzania and Australia. PHQ is selling in South America through distributors located in Peru, Chile, Columbia, Brazil, Argentina, Equator, Paraguay and Venezuela.



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PHQ has signed a distribution agreement with CanRos to represent PHQ and sell our products in the Russian Federation, all former satellite states of the USSR and Mongolia. In September 2007, the top management of a large group of mines in Russia SUBR-SUAL visited PHQ in Canada to observe our manufacturing facilities as well as the hands-on use of the equipment made by PHQ in actual underground operation of our customers. The result of the visit was a contract to supply SUBR-SUAL with the equipment manufactured and sold by PHQ. The first shipment of PHQ equipment to SUBR-SUAL is on-site in the underground mine and going through extensive testing at the time this letter is written.

Canadian-owned Parts HeadQuarters manufactures drilling equipment for underground mining, dimension stone quarries, construction and mineral exploration. Hand held jackleg, stoper, and sinker drills, pusher feed legs, screen pushers and lubricators. Long Tom jumbo drills, long-hole automated jumbo drills, slushers and hoists, mounted quarry drills, drifter drills, screw feeds, centralizers, and remote controls. PHQ supplies friction bolts used for back support and ground control, portable gasoline powered diamond coring drills for surface exploration, pneumatic diamond coring drills for underground, high pressure water pumps, diamond drill rods, bits, corebarrels, column bars, clamps, mine-jack column bars, lifting and lowering tools, and mufflers.

We look forward to proving that the uniqueness and quality of Parts HeadQuarters Inc products will significantly increase production, reduce overall mining costs and at the same time ease working conditions and improve the environment for workers in operating mines in the Russian Federation.

Signed and Sealed

William Quesnel  
President