

APPENDIX A
COPY OF PURCHASE AGREEMENT

AGREEMENT FOR PURCHASE AND SALE OF ASSETS

This AGREEMENT FOR PURCHASE AND SALE OF ASSETS (this “**Agreement**”) is made and delivered to be effective as of June 6, 2008 (the “**Effective Date**”) by and between **SURPHA, INC.**, a Nevada corporation, **AMERICAN FIBER, INC.**, a Utah corporation wholly-owned by SURPHA, INC., (together “**Buyer**”) and **AMERICAN FORK CITY**, a Utah Municipality (“**Seller**”).

RECITALS

- A. Seller is the owner of a telecommunications network used to provide broadband internet services that is located in Utah County, primarily in the City of American Fork, Utah (the “**Network**”).
- B. Buyer desires to purchase certain assets of the Network described below and to pay for such assets in interest-only payments with the principal balance to be paid in five years. Seller intends to retain certain other assets of the Network to provide telecommunications service to itself.
- C. Seller is willing to sell to Buyer the assets of the Network described below.

NOW THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, Seller and Buyer agree as follows:

1. Assets Sold and Purchased. Subject to the provisions of this Agreement, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, as of the Effective Date, the assets of the Network except for the assets described in Paragraph 3 (hereinafter the “**Excluded Assets**”). The assets (“**Assets**”) sold are listed on Exhibit “A” attached hereto and incorporated herein by this reference.

2. No Warranty. The Assets are sold to Buyer in “as is, where is” condition, and Seller makes no representations or warranties in relation to the Assets whatsoever.

3. Assets Not Sold or Purchased. The following Excluded Assets of Seller are not subject to this Agreement and are not sold to Buyer:

- cash and cash equivalents
- deposits in transit
- bank accounts and deposits therein
- merchant credit card agreements
- undeposited funds
- customer payments in transit
- pole attachments for assets being retained by Seller

- any trade name, dress, or mark in any way associated with or related to the City of American Fork
- any assets not listed on Exhibit "A" hereto

Buyer acknowledges that Seller intends to use the Excluded Assets of the Network retained by Seller to provide services to itself and to fulfill commitments it has to third parties.

4. Purchase Price. The purchase price to be paid by Buyer for the Assets is FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) (the "Purchase Price"). The Purchase Price shall be allocated among the Assets sold to Buyer as agreed upon by the parties.

5. Payment Terms. Buyer shall pay the Purchase Price to Seller pursuant to a Promissory Note dated of equal date herewith, in the amount of the Purchase Price (the "**Note**"), made and delivered by American Fiber, Inc. to Seller and in the form of Exhibit "B" attached hereto, and incorporated herein by this reference. The Seller shall retain revenues generated from Assets being sold that come from Schools as listed on Exhibit "A" hereto, until the Note is fully paid, which payments shall not be credited to a reduction of the principal or interest on the Purchase Price. Notwithstanding Seller's retention of these revenues, Buyer shall continue to service such Schools in a full and complete manner and shall provide commercially reasonable customer service and responsiveness to the needs of such Schools. The Seller shall retain the obligation to bill and collect revenues from the Schools.

6. No Assumption of Debt by Buyer. By this Agreement, Buyer is not assuming, and shall not assume, any debts, taxes or liabilities of Seller. All expenses incurred in the ordinary course of operating the Network up to the Effective Date shall be Seller's responsibility. All such expenses incurred thereafter shall be solely Buyer's responsibility.

7. Transfer of Title to Assets. Seller shall, concurrent with signing this Agreement but effective as of the Effective Date, execute and deliver to American Fiber, Inc. one or more bills of sale, assignments or other documents to convey and transfer to American Fiber, Inc. title to the Assets sold pursuant to this Agreement.

8. Security Interest. Buyer agrees to grant to Seller a security interest in the assets of American Fiber, Inc., including without limitation the Assets, to secure payments by American Fiber, Inc. under the Note and this Agreement and payment of any other obligation incurred by Buyer in favor of Seller. That security interest will be evidenced by a security agreement in the form of Exhibit "C" attached hereto (the "**Security Agreement**"), and incorporated herein by this reference, along with a financing statement in the form of Exhibit "D" attached hereto (the "**Financing Statement**"), and incorporated herein by this reference. Buyer agrees to promptly execute and deliver all documents reasonably requested by Seller to document and perfect the security interest provided for in this Paragraph. In addition to

any remedy provided in this Agreement, in the Security Agreement, or in any other agreement attached that is made part of this Agreement, Buyer agrees that upon its default of any agreement executed in connection herewith, Seller may take immediate possession of the Assets of American Fiber, Inc. and Buyer forfeits all payments it has made. Buyer shall maintain personal property insurance on all of the Assets in amounts sufficient to insure the value of the Note. Buyer shall also maintain at all times during the term of the Note, at its own cost and expense, insurance coverage listed below and shall require its subcontractors and agents to maintain the same insurance:

Commercial General Liability insurance covering claims for bodily injury, death, personal injury or property damage (including loss of use) occurring or arising out of any use of the Assets. The limits of insurance shall not be less than \$1,000,000 for each occurrence and \$2,000,000 in general aggregate, all of which shall be adjusted each even-numbered year in accordance with Utah Code Ann. § 63-30d-604(4).

9. No Assignment. Buyer may not convey, assign or transfer any of the Assets or any of Buyer's rights under this Agreement, or transfer control of American Fiber, Inc., to any other person or entity, without the prior written consent of Seller, which consent Seller may withhold for any or no reason, until Buyer satisfies all of its obligations under this Agreement.

10. Due Diligence. Buyer acknowledges that, prior to the Effective Date, it has had adequate opportunity to inspect and examine the financial records and Assets of the Network and has had adequate access to Seller's accountant and other professionals to ask questions and receive information about the Network and the Assets.

11. Accounts Receivable. Certain Accounts Receivable are being acquired by the Buyer and such Accounts Receivable shall be listed on Exhibit "A" as an Asset. The Buyer shall have the primary responsibility to collect the acquired Accounts Receivable. The Seller shall assist Buyer in this collection with respect to account information in Seller's possession. Buyer acknowledges that some or all of the Accounts Receivable acquired may be uncollectible. Buyer shall pay to Seller one-half of any cash amounts collected from the Accounts Receivable acquired. Seller shall apply any such payments under this Paragraph to the principal amount of the Promissory Note. Every six months for two years following the Effective Date, Buyer shall Provide Seller with a written accounting of the Accounts Receivable collected which Seller may audit at Seller's discretion.

12. Customer Contracts. Except as provided in Exhibit "A" and subject to Section 5 with respect to the revenues from Seller's contracts with the Schools, Seller shall, on or before the Effective Date, assign to American Fiber, Inc. all of Seller's contracts associated with the Assets. American Fiber, Inc. shall abide by the terms of such contracts until they are satisfied or terminated according to the terms of such contracts. Prior to the Effective Date, Seller shall terminate any such contracts that affect the Assets if they are in default. Any new customer contracts entered into by Buyer in relation to services to be provided through the use and operation of the Assets shall be entered into with and inure to

the benefit of American Fiber, Inc., and shall be subject to the Security Interest set forth in Section 8 above.

13. Rights-of-Way Access. Seller shall grant to Buyer conditional, non-exclusive access to rights-of-way pursuant to the terms of the Franchise Agreement attached hereto as Exhibit "E" and made part hereof.

14. Support and Consulting. For thirty (30) days after the Effective Date, Buyer, at no charge to Buyer, may request training from Seller at a time convenient for Seller for training in Seller's office on the operation of the Network. For ninety (90) days after the Effective Date, Buyer shall have the right and not the obligation to engage Seller's employees as may be needed at times convenient for Seller at a rate which is according to a fee schedule provided by Seller in Exhibit "F" attached hereto and incorporated herein by this reference. Such engagements shall be for the purpose of accomplishing day to day tasks with respect to the operation of the Assets being acquired and scheduling shall be at Seller's Broadband Director's discretion. Each such engagement shall be arranged in writing and shall state the work to be accomplished and the time needed to accomplish such work. Buyer shall follow up the written request with a telephone call to Seller's Broadband Director or the Director's designee. Seller shall bear no liability for any work Seller performs. Seller shall have the responsibility of submitting invoices to Buyer for any such engagements on net 30 terms. Notwithstanding the foregoing, for nine (9) months after the Effective Date, Buyer, through Seller's Broadband Director, shall have the right to contact Seller's employees on a limited and reasonable basis to obtain at no additional charge any information that Seller can provide from its office that would be considered to be part of the Assets conveyed by this Purchase Agreement, provided however that such contact does not exceed 360 hours during such nine month period.

15. Collocation of Equipment. Buyer shall have the right to continue locating the Assets acquired from the Seller in Seller's Network Operating Center at 75 East 80 North in American Fork, Utah ("NOC") as they are presently constituted and other related network equipment pursuant to the terms of the Lease Agreement attached hereto as Exhibit "G" and incorporated herein by this reference.

16. Pole Attachments. Portions of the fiber optic and coaxial cable included in the Assets being sold are attached to utility poles, which attachments are made by arrangement or agreement between the owner of the pole and the Seller. Buyer hereby represents and warrants that it will pursue its own arrangements or agreements for pole attachments and that Seller provides no assurances or warranties that such arrangements or agreements can be made. Notwithstanding the foregoing, Seller will use commercially reasonable efforts to assist Buyer in obtaining such attachments if such assistance is requested by Buyer. Seller also agrees to participate with Buyer in an inventory of pole attachments in the Network to be completed within twelve months of the Effective Date (the "Inventory Period"). Each party will be responsible to pay their own reasonable costs of the inventory. Times established to perform the inventory must be acceptable to both parties. The inventory shall identify the attachments Seller is retaining to provide service to itself.

Except for the attachments Seller retains, Seller shall have no responsibility or liability for the attachments for which Buyer is responsible, including but not limited to any maintenance, changes, or upgrades in poles. In the event Seller receives an invoice for pole attachments from a pole owner during the Inventory Period, Buyer agrees to pay 75 percent of such invoice within ten (10) days of receipt of a copy of such resource from Seller.

17. Buyer's Lease of Fiber Optic Strands and Conduit. Seller grants to Buyer a lease of two (2) fiber optic strands from Seller's NOC to FiberNet in Orem, Utah for bandwidth. Pursuant to the terms of said lease, Buyer shall have the right to exchange said fiber optic strands on a mile for mile basis for two fiber strands from Seller's NOC to the Kearns building in Salt Lake City, Utah and Buyer shall pay for the difference in mileage between the two routes at the monthly rate of \$50.00 per mile for each fiber strand. Seller also grants to Buyer a lease of ninety-six (96) fiber strands from the South Hub in the Network at 200 East 200 South in American Fork, Utah to Seller's NOC, a two (2) inch conduit on 500 East in American Fork, Utah, and a two (2) inch conduit from Seller's NOC on 100 East in American Fork, Utah. The terms of the lease for the fiber strands and the two conduits are included in Exhibit "G".

18. Representations and Warranties of Seller. Notwithstanding the fact that the Assets are sold without representation or warranty as to their condition or sufficiency, Seller represents and warrants to Buyer that the statements in this paragraph are correct and complete as of the Effective Date:

(a) Organization, Good Standing and Qualification. Seller is a municipality duly organized, validly existing and in good standing under the laws of the State of Utah and has all requisite legal power and authority to carry on its duties as currently conducted.

(b) Authorization. All legal action on the part of Seller necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of Seller hereunder, has been taken, and this Agreement constitutes the valid and legally binding obligation of Seller, enforceable in accordance with this Agreement's terms, subject only to judicial principles limiting the availability of specific performance, injunctive relief, and other equitable remedies.

(c) Governmental Consents. Any consent required for the approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of Seller that may be required in connection with Buyer's purchase of the assets will be obtained on or before the Effective Date.

(d) Litigation. To the best of Seller's knowledge there is no undisclosed action, suit, proceeding or investigation pending or currently threatened against Seller before any court, administrative agency or other governmental body which questions the validity of this Agreement or the right of Seller to enter into this Agreement, or to consummate the transactions contemplated hereby, or which could result, either individually or in the

aggregate, in any material adverse change in the condition (financial or otherwise), in the Network, property, assets or liabilities of Seller. The foregoing includes, without limitation, actions, suits, proceedings or investigations pending or threatened (on any basis therefore known to Seller) involving the prior employment of any of Seller's employees, their use in connection with Seller's Network of any information or techniques allegedly proprietary to any of their former employers, or their obligations under any agreements with prior employers. Seller is not a party or subject to, and none of its assets is bound by, the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. Seller has informed Buyer that Seller terminated the contract of an Internet Service Provider that could result in legal action by Seller or against Seller.

(e) Contracts and Regulations. To the best of Seller's knowledge Seller is not in violation of any contract that affects the Assets, or the sale of the Assets to Buyer or any state or federal law.

(f) Ownership of Rights. Seller has sufficient title and ownership of all trade names, trade secrets, information, proprietary rights and processes necessary for the Network. There are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is Seller bound by or a party to any options, licenses or agreements of any kind with respect to patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, proprietary rights or processes of any other person or entity. Seller has not received any communications alleging that Seller has violated or, by operating its Network, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity. Notwithstanding the foregoing or any provision of this Agreement to the contrary, Seller is using mapping software in the operation of the Network which it does not own and to which it has no right, title or interest and is not transferred as part of this Agreement.

(g) Compliance with Other Instruments. The sale of the Assets does not place Seller in violation or default of any provision of its governing documents, each as amended and in effect on the Effective Date. The execution, delivery and performance of and compliance with this Agreement, will not result in any such violation, be in conflict with or constitute, with or without the passage of time or giving of notice, a default under any such governing document, or require any consent or waiver under any such governing document (other than any consent or waivers that have been obtained).

(h) Disclosure. To Seller's knowledge, no representation, warranty or statement by Seller in this Agreement, or in any written statement or certificate furnished to Buyer pursuant to this Agreement or the transactions contemplated hereby, contains any untrue statement of a material fact or, when taken together, omits to state a material fact necessary to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading.

(i) Title to Assets. Seller has good and marketable title to the Assets, subject to the limitations regarding pole attachments as set forth in Section 17 and Section 18 (f) above.

19. Representations and Warranties of Buyer. Buyer represents and warrants to Seller that the statements contained in this paragraph are correct and complete as of the Effective Date.

(a) Organization. Surpha, Inc. is a corporation that is duly organized, validly existing and in good standing under the laws of the State of Nevada, and is registered to do business and is in good standing in the State of Utah. American Fiber, Inc. is a corporation that is duly organized, validly existing and in good standing under the laws of the state of Utah.

(b) Authority. The officer of Surpha, Inc. executing this Agreement has the authority to enter into and bind Surpha, Inc. to the terms of this Agreement and all actions by Surpha, Inc. necessary to approve the transactions contemplated in this Agreement, including both director and shareholder approvals (if required), have been taken. The officer of American Fiber, Inc. executing this Agreement has the authority to enter into and bind American Fiber, Inc. to the terms of this Agreement and all actions by American Fiber, Inc. necessary to approve the transactions contemplated in this Agreement, including both director and shareholder approvals (if required), have been taken.

(c) No Conflicts. The execution, delivery and performance of this Agreement, the consummation of any transactions herein referred to or contemplated hereby and the fulfillment of the terms hereof and thereof will not:

i. conflict with, or result in a breach or violation of the Articles of Incorporation or Bylaws of Buyer;

ii. conflict with, or result in a material breach under any document, agreement or other instrument to which Buyer is a party, or result in the creation or imposition of any lien, charge or encumbrance on any property of Buyer pursuant to: (A) any law or regulation to which Buyer or any of its properties are subject, or (B) any judgment, order or decree to which Buyer is bound or to which any of its properties are subject; or

iii. result in termination or any impairment of any material permit, license, franchise, contractual right or other authorization of Buyer.

20. Indemnification by Buyer. Buyer has made specific representations, warranties, and covenants with Seller pursuant to this Agreement. Buyer agrees that it will indemnify, defend (as to third party claims only), protect and hold harmless Seller, its members, managers, divisions, subdivisions, affiliates, subsidiaries, partners, agents, associates, employees, successors and assigns, at all times from and after the date of this Agreement from and against all liabilities, claims, damages, suits, proceedings, demands, penalties, losses, costs and expenses whatsoever (including court costs, reasonable attorneys' fees and expenses and expenses of investigation), whether matured or contingent, known or

unknown, ordinary or extraordinary, patent or latent, to the extent arising out of, prior to, incurred as a result of, or incident to:

(a) any breach of, misrepresentation in, untruth in or inaccuracy in the representations and warranties made by Buyer in this Agreement or in the Exhibits attached hereto or delivered pursuant hereto;

(b) nonfulfillment or nonperformance of any agreement, covenant or condition on the part of Buyer made in this Agreement; or

(c) any claim by a third party that, if true, would mean that a condition for indemnification set forth in subparagraphs (a) or (b) of this paragraph has been satisfied.

21. General Provisions.

(a) Binding Effect; Amendment. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns.. This Agreement may be modified or amended only by a written instrument executed by all parties which expressly states that it is an amendment to this Agreement.

(b) Entire Agreement. This Agreement is the final, complete and exclusive statement and expression of this Agreement between the parties with relation to the subject matter of this Agreement, it being understood that there are no oral representations, understandings or agreements covering the same subject matter as this Agreement. This Agreement supersedes, and cannot be varied, contradicted or supplemented by evidence of any prior or contemporaneous discussions, correspondence, or oral or written agreements of any kind.

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

(d) No Brokers. Seller represents and warrants to Buyer and Buyer represents and warrants to Seller that the warranting party has had no dealings with any broker or agent so as to entitle such broker or agent to a commission or fee in connection with the within transaction. If for any reason a commission or fee shall become due, the party dealing with such agent or broker shall pay such commission or fee and hereby agrees to indemnify and save harmless the other party from all claims for such commission or fee and from all attorneys' fees, litigation costs and other expenses relating to such claim.

(e) Expenses of Transaction. Whether or not the transactions herein contemplated shall be consummated: (i) Buyer will pay the fees, expenses and disbursements of Buyer and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto and all other costs and expenses incurred in this performance and compliance with all conditions to be performed by

Buyer under this Agreement; and (ii) Seller will pay the fees, expenses and disbursements of Seller and its agents, representatives, accountants and counsel incurred in connection with the subject matter of this Agreement and any amendments hereto and all other costs and expenses incurred in the performance and compliance with all conditions to be performed by Seller under this Agreement. Seller represents and warrants to Buyer that Seller has relied on its own advisors for all legal, accounting, tax or other advice whatsoever with respect to this Agreement and the transactions contemplated hereby.

(f) Notices. All notices or other communications required or permitted hereunder shall be in writing and may be given by depositing the same in United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, by overnight courier or by delivering the same in person to such party:

If to Seller:

American Fork City
Attn: Broadband Manager
51 East Main Street
American Fork, Utah 84003

If to Buyer:

SURPHA, Inc.
Larry A. Lires
1503 North Technology Way
Orem, Utah 84097

AMERICAN FIBER, Inc.

Larry A. Lires
1503 North Technology Way
Orem, Utah 84097

With a Copy To:

Callister Nebeker & McCullough
Attn: Steve Mecham
10 East South Temple, Suite 900
Salt Lake City, Utah 84133

With a Copy To:

Notice shall be deemed given and effective when received. Either party may change the address for notice by notifying the other party of such change in accordance with this paragraph.

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

(h) No Waiver. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by the other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of or in any similar breach or default occurring later; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

(j) Captions. The headings of this Agreement are inserted for convenience only, shall not constitute a part of this Agreement, or be used to construe or interpret any provisions hereof.

(k) 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 either party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute shall be deemed to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" means including, without limitation. The parties intend that representations, warranties and covenants 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) that the party has not breached shall not detract from or mitigate the fact the party is in breach of the first representation, warranty or covenant.

(l) Dispute Resolution. The parties will attempt in good faith to resolve any controversy or claim arising out of or relating to this Agreement promptly through discussions between themselves. Such attempt shall commence with a written notice of the dispute. In the event a resolution cannot be reached, such controversy or claim shall be negotiated between appointed senior executives of the parties who have authority to settle the controversy. The disputing party shall give the other party written notice of the dispute. If the parties fail to resolve such controversy or claim within thirty (30) days of the disputing party's notice, either party may file suit on the matter and pursue any other remedy available to them.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates indicated, to be effective as of the day and year first above written.

BUYER:

Surpha, Inc.

By: [Signature]
Its: President & CEO

American Fiber, Inc.

By: [Signature]
Its: President

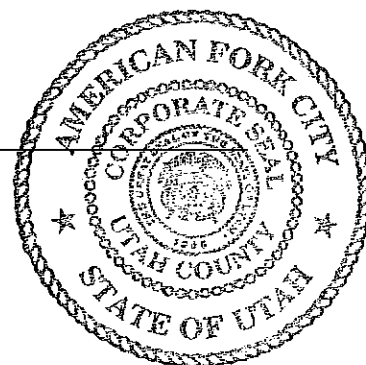
SELLER:

City of American Fork

By: [Signature]
Heber M. Thompson
Mayor

ATTEST:

[Signature]
City Recorder



List of Exhibits

| | |
|--|-----|
| List of Assets Sold | "A" |
| Promissory Note | "B" |
| Security Agreement | "C" |
| Financing Statement | "D" |
| Telecommunications Franchise Agreement | "E" |
| Fee Schedule | "F" |
| Lease Agreement | "G" |