

UNANIMOUS SHAREHOLDER AGREEMENT

THIS AGREEMENT made the • day of • .

B E T W E E N:

•
an individual residing in the Province of Ontario
(hereinafter called " • ")

- and -

•
an individual residing in the Province of Ontario
(hereinafter called " • ")

- and -

•
an individual residing in the Province of Ontario
(hereinafter called " • ")

-and

•
a corporation incorporated under the laws of the Province of Ontario
(hereinafter called the "Corporation")

WHEREAS the Corporation was duly incorporated pursuant to the laws of the Province of Ontario, by Articles of Incorporation bearing the date of • ;

AND WHEREAS the Corporation is authorized to issue an unlimited number of common shares without par value;

AND WHEREAS the shareholders registered on the books and records of the Corporation are as follows:

SHAREHOLDER

COMMON SHARE

PAID-UP CAPITAL

[Optional]

-
-
-

AND WHEREAS the above-noted shares constitute all of the presently issued and outstanding shares in the capital stock of the Corporation, which shares are free and clear of any liens, claims and encumbrances whatsoever;

AND WHEREAS the parties have agreed to enter into this Agreement for the purposes of recording the manner by which the affairs of the Corporation shall be conducted and to provide for their respective obligations with respect to the Corporation.

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained and for other good and valuable consideration, the parties agree as follows:

ARTICLE 1 - RECITALS TRUE

The parties hereby irrevocably acknowledge and declare that the foregoing recitals are true and correct in substance and in fact.

ARTICLE 2 - DEFINITIONS

- 2.1 In this Agreement, unless there is something in the subject matter or context inconsistent therewith:
- (a) **"Board"** means the Board of Directors as elected by the Shareholders from time to time;
 - (b) **"Business Day"** means any day that is not a Saturday, Sunday or statutory holiday in the City of Toronto;
 - (c) **"convey"** means sell, assign, transfer or otherwise dispose of;
 - (d) **"person"** means and includes any individual, corporation, partnership, firm, joint venture, syndicate, trust or trustee, association or other form of entity or organization;
 - (e) **"Place of Closing"** means the offices of • or such other place as may be agreed upon by the vendor and purchaser in the subject transaction;
 - (f) **"Share"** means an issued and outstanding share in the capital stock of the Corporation and "Shares" means all issued and outstanding shares in the capital stock of the Corporation;
 - (g) **"Shareholders"** means • , • and • , collectively and "Shareholder" means any one of them, individually;
 - (h) **"this Agreement"**, "hereto", "herein", "hereby", "hereunder", "hereof", and similar expressions refer to this Agreement and not to any particular section, subsection, paragraph, or other portion of this Agreement; and
 - (i) **"Time of Closing"** means two o'clock p.m. Toronto time or such other time as may be agreed to by the vendor and purchaser in the subject transaction.

ARTICLE 3 - INTERPRETATION

- 3.1 All payments contemplated herein shall be paid in Canadian funds, in cash or by certified cheque.
- 3.2 All words and personal pronouns relating thereto shall be read and construed as the number and gender of the party or parties referred to as each case requires and all verbs shall be read and construed as agreeing with the required word and pronoun.
- 3.3 If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid by all of the parties or by the decision of any court of competent jurisdiction which is not appealed or appealable, for any reason whatsoever, that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.
- 3.4 The division of this Agreement into Articles and Sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.
- 3.5 This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by the laws of the Province of Ontario. Each of the parties hereto hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.
- 3.6 Time shall be of the essence in this Agreement and of every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.
- 3.7 When calculating the period of time within which or following which any act is to be done or step taken pursuant to this Agreement, the date which is the reference day in calculating such period shall be excluded. If the last day of such period is a non-business day, the period in question shall end on the next business day.

ARTICLE 4 - AFFAIRS OF THE CORPORATION

- 4.1 The shareholders hereto do hereby covenant, promise and agree each with the other that they will vote or cause their nominees to vote all voting shares which they own or control in the capital stock of the Corporation, and to cause such meetings of the Corporation to be held, resolutions passed, articles enacted, agreements and other documents signed, and other acts and things performed and done as may be required to provide for the following arrangement in connection with the affairs of the Corporation unless otherwise agreed in writing between them and further covenant and agree that they will not act or vote in any manner which would prevent the accomplishment of the following purposes or would be in contravention of the following:
 - (a) The affairs of the Corporation shall be managed by a Board of three (3) directors, which shall at all times consist of one (1) nominee of • , one (1) nominee of • and one (1) nominee of • . Should any vacancy occur on the Board, such vacancy shall be filled forthwith by the Shareholder whose nominee caused the vacancy;
 - (b) The officers of the Corporation shall be:
 - (i) **President:** who shall at all times be • and shall perform such duties as are prescribed by the Board from time to time;
 - (ii) **Secretary:** who shall at all times be • and shall perform such duties as are prescribed by the Board from time to time;

- (iii) **Treasurer:** who shall at all times be • and shall perform such duties as are prescribed by the Board from time to time; and
- (iv) such other officers as the Shareholders may mutually agree,
- (c) Each director shall have only one vote at any meeting of the Board and the chairman of any such meeting shall not have an additional or tie-casting vote. Similarly, each Shareholder shall have one (1) vote for each Share held by him at any shareholders' meeting and the chairman of such meeting shall not have an additional or tie-casting vote;
- (d) A quorum for a meeting of the directors of the Corporation shall be two (2) directors and a quorum for a meeting of the Shareholders of the Corporation shall be such persons personally present and holding or representing sixty-six (66%) percent of the voting shares issued and outstanding;
- (e) No meeting of the Shareholders or directors shall be held unless and until the notice of the said meeting shall have been sent by prepaid registered mail to all persons entitled to notice, in the case of Shareholders at least ten (10) business days, or in the case of directors at least ten (10) days, before the date fixed for the holding of such meeting; provided, however, that the time for such meeting may be shortened and such notice may be waived in writing by the parties entitled thereto;
- (f) A meeting of the directors may be called by one of the directors and a special meeting of the Shareholders may be called by any one of the Shareholders;
- (g) Except as expressly permitted by this Agreement, no officer, director, Shareholder or persons related thereto as defined by the Income Tax Act (Canada) shall be employed by the Corporation or be paid any salary, wage, commission, bonus or other remuneration by the Corporation except upon the unanimous consent of the directors;
- (h) There will be no change in the Articles of Incorporation or by-laws of the Corporation without the consent of the holders of one hundred percent (100%) of the voting Shares, if any such change would affect the respective positions of the parties hereunder;
- (i) Except as expressly permitted by this Agreement, without the prior consent of the holders of one hundred percent (100%) of the Shares:
 - (i) The Corporation shall not enter into any agreement or make any offer or grant any right capable of becoming an agreement to, and shall not, issue shares or any other securities of the Corporation;
 - (ii) The Corporation shall not pay any dividend or make any other distribution of its shares or make any payment for the purchase, redemption or retirement of any of its shares or otherwise return any capital to or make any distribution of assets or surplus to holders of its shares;
 - (iii) No Shareholder shall sell, assign, transfer, mortgage, pledge, hypothecate, or otherwise dispose of, alienate or in any way encumber or create a security interest in, or grant any option on any of the Shares or securities convertible into or exercisable or exchangeable for shares of the Corporation owned by him;

- (iv) The Corporation shall not sell, lease, exchange, transfer or dispose of its assets and undertaking or any part thereof as an entirety or substantially as an entirety;
 - (v) The Corporation shall not acquire shares in any other corporation;
 - (vi) There shall be no amalgamation or merger of the Corporation with any other body corporate, nor any corporate reorganization of the Corporation of any kind, nor any continuation, dissolution, liquidation or winding-up of the Corporation;
 - (vii) No lands shall be purchased by the Corporation;
 - (viii) The Corporation shall not make any material change in the nature of its business;
 - (ix) The Corporation shall not enter into any transaction other than on normal commercial terms at arm's length;
- (j) It is further agreed that none of the Shareholders to this Agreement shall other than as required in the ordinary course of business:
- (i) Divulge to any person, firm or corporation any name, address or requirement of any customer of the Corporation and/or any of its subsidiaries or of any person, firm or corporation likely to become a customer of the Corporation and/or of its subsidiaries;
 - (ii) Divulge to any person, firm or corporation any process, method or device of the Corporation and/or any of its subsidiaries or other information whether of the foregoing character or not acquired as a result of the Shareholder's involvement with the Corporation and/or any of its subsidiaries; or
 - (iii) Attempt to obtain the withdrawal from the employment of the Corporation and/or its subsidiaries of any persons then in the employ of the Corporation or any of its subsidiaries,
- (k) The Corporation's bank shall be the • or such other bank as the Board from time to time determines;
- (l) The accountant for the Corporation shall be • or such other accountants as may be appointed by the Shareholders; and
- (m) The determination of the net profits and the preparation of the Corporation's financial statements by the said auditor and/or accountant shall be final and binding upon the parties hereto, except for errors and omissions. All costs in connection with such service shall be borne by the Corporation. Provided, however, that any of the parties may, at their own costs, engage an auditor or accountant to examine the books and records of the Corporation and such auditors or accountants shall have full access to such books.
- 4.2 The parties hereto, save for the Corporation, agree that they will at all times be faithful and honest to each other and do their utmost to further the interests of the Corporation. It is distinctly understood and agreed that the parties hereto shall work in harmony.
- 4.3 All cheques shall be signed by any two of the President, Secretary or Treasurer of the Corporation.
- 4.4 Any additional capital stock in the Corporation acquired by any of the parties hereto whether by purchase, gift, stock, dividend or otherwise shall become subject to the within Agreement

upon the same terms and conditions as the stock presently owned or controlled by them. The parties hereto shall execute such further or other documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their votes and influence and do and perform, and cause to be done or performed such further and other actions or things as may be necessary or desirable to give full effect to the within Agreement.

- 4.5 Proper books of account and entries shall be made therein of all matters, transactions and things as are usually written and entered in books of account kept by Corporations engaged in concerns of a similar nature together with all books, securities, letters and other things belonging to or concerning how the Corporation's business is being carried on and each of the Shareholders shall have free access at all times to examine and copy them and shall at all times furnish to the other correct information, accounts and statements of and concerning all transactions pertaining to the Corporation without any concealment or suppression.
- 4.6 Meetings of Board and or/Shareholders of the Corporation may be held at any place within or outside of Ontario. If all the directors and/or Shareholders of the Corporation, as the case may be, present at or participating in a meeting consent, a meeting of directors, or of Shareholders may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director and/or Shareholder, as the case may be, participating in such a meeting by such means is deemed for the purposes of the Agreement to be present at that meeting.

ARTICLE 5 - LOANS AND GUARANTEES

- 5.1 The Corporation acknowledges that as at the date hereof, it is indebted to the following Shareholders for the sum set opposite their name:

<u>SHAREHOLDERS</u>	<u>LOAN AMOUNT</u>
•	•
•	•
•	•

- 5.2 With respect to the Shareholders' debt investments as set forth in section 5.1 (hereinafter called the "Shareholders Loans"), the Shareholders' Loans shall remain interest free until such time as the Corporation earns a profit from its operations. The Board shall determine when interest will accrue and what rate of interest will be charged, provided such rate does not exceed two (2) percentage points above the Prime Rate as published by the Corporation's Bank from time to time.
- 5.3 Subject to section 5.1, it is further agreed that additional funds required for the carrying on of the business of the Corporation shall be obtained, to the greatest extent possible, by borrowing from a chartered bank or other lender. The decision whether such funds are required, from whom such funds will be borrowed, and the terms and conditions of such borrowing shall be determined by the Board from time to time. Each of the Shareholders covenants to use their best reasonable efforts to obtain such documents and statements as may be required by such bank or other lender.
- 5.4 If, notwithstanding compliance by the Shareholders with section 5.3, the Corporation shall not have obtained all or part of the funds from a bank or other lender, then, any of the Shareholders may, but shall not be required to, advance funds by way of loan to the Corporation from time to time and such loans shall bear such terms and be payable in the

manner agreed by such Shareholder and the Corporation from time to time (such loans being hereinafter referred to as "**Party Indebtedness**").

- 5.5 The Shareholders covenant and agree to cause the Corporation to make the following payments, subject to the financial ability of the Corporation, in the following order of priorities:
- (a) to pay interest and principal to the Corporation's bankers in accordance with the terms of the loan or loans from such bankers;
 - (b) to pay interest and repay principal sums on Party Indebtedness to the Shareholders firstly to equalize the Party Indebtedness and thereafter in equal amounts without preference or priority, one over the other, at such time and from time to time as the Corporation is in a financial position to do so;
 - (c) to pay interest, if any, and repay principal sums of the Shareholders' Loans, *pro rata*, at such times and from time to time as the Corporation is in a financial position to do so; and
 - (d) to pay dividends to the Shareholders and management bonuses to the directors and/or officers in such amounts and at such times as the Board may determine.
- 5.6 If guarantees from each of the Shareholders are required for any borrowings by the Corporation, •, • and • agree that they shall attempt to obtain such funds upon their several guarantees only with each one guaranteeing (• %) of the Corporation's obligation to repay such funds; provided that if such funds can only be obtained upon the joint and several guarantees of the Shareholders, then the Shareholders will execute and deliver such joint and several guarantees or other assurances as may be required in that regard.
- 5.7 To the extent that any Shareholder or any firm, person or corporation on behalf of him has guaranteed the obligation of the Corporation to any bank, lender or other creditor as of the date of this Agreement, the Shareholders hereby covenant and agree that they will use their best efforts to replace such guarantees with the several guarantees of the Shareholders, with each Shareholder guaranteeing their percentage, in accordance with section 5.6, of all amounts previously guaranteed by the Shareholders, and/or any person, firm or corporation on behalf of him. If the Shareholders are unable to replace such guarantees as aforesaid, then the Shareholders will replace such guarantees with their joint and several guarantees.
- 5.8 The Shareholders covenant that to the extent that any Shareholder, or any person, firm or corporation on behalf of him, has guaranteed or will in the future guarantee any liabilities of or obligations owing by the Corporation to any bank, lender or creditor, the Shareholders will share any liabilities of or payments made by any of them pursuant to any such guarantee in the following manner:
- (a) by • ;
 - (b) by • ;
 - (c) by • .
- 5.9 To the extent that any Shareholder (the "**Payor**"), is required to pay more than their proportionate share of liabilities under any guarantee as aforesaid then, the other of them (the "**Indemnifier**") shall indemnify and pay to the Payor the amount of such excess upon demand. The amount of such excess shall bear interest from the date of the demand until payment at a rate equal to the "prime rate" of The Corporation's Bank from time to time plus one percent (1%) per annum calculated daily, not in advance. The amount payable by the

Indemnifier together with interest thereon, calculated as aforesaid, shall be fully paid to the Payor before any bonus, withdrawal or other distribution from the Corporation is made to the Indemnifier and the Corporation is hereby authorized and directed to pay the amount of any such bonus, withdrawal or other distribution (to the extent of the amount owing by the Indemnifier to the Payor as aforesaid) to the Payor in reduction of such amount.

ARTICLE 6 - PRE-EMPTIVE RIGHTS

- 6.1 Except as the Shareholders shall otherwise unanimously agree, each offering by the Corporation of Shares shall be made in accordance with this Article 6;
- 6.2 Each offer shall be made to the then Shareholders as nearly as may be in proportion to the number of Shares respectively held by the Shareholders at the date of the offer.
- 6.3 Each offer shall be made in writing by the Secretary of the Corporation, shall indicate the price at which the Shares are being offered (the price to be determined from time to time by the Board) shall state the use of the proceeds of the issue and shall state that any Shareholder who desires to subscribe for the Shares in excess of their proportion shall, in their subscription, specify the number of shares in excess of their proportion which the Shareholder desires to purchase. If any Shareholder does not subscribe for their proportion, the unsubscribed Shares shall be used to satisfy the subscriptions of the Shareholders for Shares in excess of their proportion. If the subscriptions in excess are more than sufficient to exhaust the unsubscribed Shares, the unsubscribed Shares shall be divided *pro rata* among the Shareholders desiring Shares in excess of their proportion in proportion to the number of Shares held by them respectively at the date of the offer, but no Shareholder shall be bound to take any Shares in excess of the amount the Shareholder so desires.
- 6.4 If the Shares of any issue shall not be capable, without division into fractions, of being offered to or being divided among the Shareholders in the proportion above-mentioned, the same shall be offered to or divided among Shareholders as nearly as may be in these proportions and any balance shall be offered to or divided among the Shareholders or some of them in such manner as may be determined by the Board.
- 6.5 If all of the Shares of any issue are not subscribed for within a period of thirty (30) days after the same are offered to the Shareholders pursuant to the provisions of this Article, the Corporation shall, during the following period of sixty (60) days, offer all or any of the Shares not taken up by the Shareholders to any person who is not a Shareholder, but the price at which the Shares may be allotted and sold shall not be less than the subscription price offered to the Shareholders and the terms shall be no less favourable than those offered to the Shareholders, pursuant to this Article.
- 6.6 Every issue of Shares shall be subject to the condition that the subscriber therefor shall, if not a party hereto, agree to be bound by the terms of this Agreement and become a party hereto in accordance with the provisions of Section 16.12.

ARTICLE 7 - SHOT GUN

- 7.1 Any Shareholder has the right at any time to give notice (such notice being hereinafter in this Section 7 referred to as the "**Notice**" and any Shareholder giving the Notice being hereinafter in this Section 7 referred to as the "**Offeror**") to the other Shareholders (hereinafter in this Section 7 sometimes collectively referred to as the "**Offerees**" and sometimes individually referred to as an "**Offeree**") and to the Corporation, which Notice shall contain the following:

- (a) an offer by the Offeror to purchase all of the Shares beneficially owned by the Offerees (hereinafter in this Section 7 referred to as an "**Offer to Purchase**");
 - (b) an offer by the Offeror to sell all of the Shares beneficially owned by the Offeror to the Offerees *pro rata* based upon the number of Shares beneficially owned by the Offerees (hereinafter in this Section 7 referred to as an "**Offer to Sell**"); and,
 - (c) the price to be paid for each Share pursuant to the Offer to Purchase and the Offer to Sell, which shall be the same for both Offers (such price being hereinafter in this Section 7 referred to as the "**Purchase Price**").
- 7.2 Within 10 Business Days of the Notice being given, each Offeree shall be entitled to accept either the Offer to Purchase or the Offer to Sell by giving notice of such acceptance to the Offeror, to the other Offerees and to the Corporation.
- 7.3 If all of the Offerees accept the Offer to Purchase, the Offerees shall sell and the Offeror shall purchase all of the Shares beneficially owned by each Offeree at the Purchase Price and the transaction of purchase and sale shall be completed within 20 Business Days of the expiry of the 10 Business Day period specified in Section 7.2. The transaction shall be completed at the Place of Closing where delivery of the Shares shall be made by the Offerees with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque by the Offeror.
- 7.4 If all of the Offerees accept the Offer to Sell, the Offerees shall purchase, *pro rata* based upon the number of Shares beneficially owned by the Offerees, and the Offeror shall sell all of the Shares beneficially owned by the Offeror at the Purchase Price and the transaction of purchase and sale shall be completed within 20 Business Days of the expiry of the 10 Business Day period specified in Section 7.2. The transaction shall be completed at the Place of Closing where the delivery of the Shares shall be made by the Offeror with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque by the Offerees.
- 7.5 If an Offeree does not accept either the Offer to Purchase or the Offer to Sell within the 10 Business Day period specified in Section 7.2, such Offeree shall be deemed to have accepted the Offer to Purchase of the Offeror and to have given notice of such acceptance pursuant to the provisions of Section 7.2 on the last Business Day upon which such notice may have been given.
- 7.6 If one Offeree accepts or is deemed to have accepted the Offer to Purchase pursuant to the provisions of Section 7.2 or Section 7.5, respectively, (hereinafter in this Section 7.6 referred to as the "**Selling Offeree**") and the other Offeree accepts the Offer to Sell of the Offeror pursuant to the provisions of Section 7.2 (hereinafter in this Section 7.6 referred to as the "**Purchasing Offeree**"), the Purchasing Offeree shall be entitled to purchase the Shares beneficially owned by the Offeror and the Shares beneficially owned by the Selling Offeree by giving notice of the exercise of such right to the Offeror, to the Selling Offeree and the Corporation within 10 Business Days of the expiry of the 10 Business Day period specified in Section 7.2 and, if the Purchasing Offeree gives notice pursuant to the provisions of this Section 7.6, the Offeror and the Selling Offeree shall sell the Shares beneficially owned by them to the Purchasing Offeree and such transaction of purchase and sale shall be completed within 20 Business Days of the date upon which the Corporation was given such notice by the Purchasing Offeree. The transaction shall be completed at the Place of Closing where delivery of the shares shall be made by the Offeror and the Selling Offeree with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque by the Purchasing Offeree. If the Purchasing Offeree fails to give notice pursuant to the

provisions of this Section 7.6 within the 10 Business Day period herein specified, the Shareholder shall be deemed not to have accepted the Offer to Sell but, rather, to have accepted the Offer to Purchase and the provisions of Section 7.3 shall apply, *mutatis mutandis*, to both Offerees except that the transaction of purchase and sale shall be completed within 15 Business Days of the expiry of the 10 Business Day period specified in this Section 7.6.

- 7.7 If any Shareholder obligated to sell in accordance with the foregoing provisions of this Article 7 (hereinafter in this Section 7.7 referred to as the "**Selling Shareholder**") makes default in transferring all or any of their Shares to a Shareholder obligated to purchase in accordance with such foregoing provisions (hereinafter in this Section 7.7 referred to as the "**Purchasing Shareholder**") as provided for in this Article 7, the Secretary of the Corporation is authorized and directed to receive the purchase money and thereupon cause the name of the Purchasing Shareholder to be entered in the register of the Corporation as the holder of the Shares purchasable by him. The said purchase money shall be held in trust by the Corporation on behalf of the Selling Shareholder and not commingled with the Corporation's assets, except that any interest thereon shall be for the account of the Corporation. The receipt by the Secretary of the Corporation for the purchase money shall be a good discharge to the Purchasing Shareholder and, after the Shareholder's name has been entered in the registers of the Corporation in exercise of the aforesaid power, the validity of the proceedings shall not be subject to question by any person. On such registration, the Selling Shareholder shall cease to have any right to or in respect of the Shares to be sold except the right to receive, without interest, the purchase price received by the Secretary of the Corporation.
- 7.8 Shareholders may jointly give a Notice to another Shareholder pursuant to the provisions of Section 7.1 and, in such event, the further provisions of this Article 7 shall apply *mutatis mutandis*, except that any Shares purchased by them pursuant to the provisions of this Article 7 shall be purchased *pro rata* based upon the number of Shares beneficially owned by the Shareholders who gave the Notice.
- 7.9 Shareholders may jointly accept the Offer to Sell pursuant to the provisions of Section 7.2 and, in such event, the further provisions of this Article 7 shall apply, *mutatis mutandis*, except that the number of Shares to be purchased by each of them pursuant to the provisions of this Article 7 may be set out in the notice given by them pursuant to the provisions of Section 7.2 and this Section 7.9, provided that the aggregate of such numbers equals the number of Shares beneficially owned by the Offeror.

ARTICLE 8 - RIGHT OF FIRST REFUSAL IN CERTAIN CIRCUMSTANCES

- 8.1 In the event that any Shareholder (hereinafter in this section called the "**Offeror**") shall receive a bona fide offer (hereinafter in this section called the "**Offer**") from any person, firm or corporation dealing at arm's length with the Offeror, to purchase or otherwise acquire all, but not less than all, of the Shares owned by the Offeror, which is acceptable to him, the following shall occur:
- (a) The Offeror shall by notice in writing (hereinafter in this section called the "**Second Offer**") offer to sell such Shares to the other Shareholders (hereinafter in this section called the "**Offeree**") at the same price and upon the same terms and conditions as are contained in the Offer. The Second Offer shall be accompanied by a copy of the Offer and be irrevocable except with the consent of the Offeree and shall be open for acceptance by the Offeree for a period of thirty (30) days from the date upon which such notice was given.

- (b) If within the said thirty (30) days, the Second Offer is accepted by the Offeree in writing then it shall become a binding agreement of purchase and sale of the Shares of the Offeror to the Offeree at the price and upon the terms and conditions that are contained in the Second Offer.
- (c) If within the said thirty (30) days, the Offeree shall not accept the Second Offer, then the Offeror shall be entitled to sell such Shares to the person, firm or corporation which made the Offer at the price and upon the terms and conditions contained in the Offer, such sale to take place within ninety (90) days from the giving of the aforementioned notice to the Offeree. Before consenting to the transfer of any such shares, the Board shall be entitled to require proof of the date when and the price at which the Offeror has sold its Shares and proof that the sale has been completed upon such terms and conditions as are contained in the Offer. The directors of the Corporation shall refuse to permit the recording of the transfer of any such interest which may have been sold otherwise than in accordance with the provisions of this Section 8.1.
- (d) If a sale of the Shares of the Offeror to the third party purchaser is not completed within ninety (90) days from the giving of the notice to the Offeree as aforementioned, no sale of the Shares of the Offeror shall be made without again complying with the provisions of this Section 8.1, and so on from time to time.

8.2 If any of the Shareholders receive an Offer from any person, firm or corporation dealing at arm's length with them to purchase or otherwise acquire all of the issued and outstanding Shares and one of the Shareholders (hereinafter in this section called the "**Selling Shareholder**") wishes to accept such Offer, then the following shall occur:

- (a) The Selling Shareholder shall, by notice in writing (hereinafter in this section called the "**Second Offer**") offer to sell to the other Shareholders (hereinafter in this section called the "**Notified Shareholder**") all of the Shares owned or beneficially controlled by the Selling Shareholder, upon the same terms and conditions as are contained in the Offer, except that the purchase price for the Shares of the Selling Shareholder shall be an amount which is in the same ratio to the purchase price for all of the issued Shares that is contained in the Offer as all of the Shares of the Selling Shareholder bear to the total number of the issued Shares. The Second Offer shall be accompanied by a true copy of the Offer. The Second Offer shall be irrevocable except with the consent of the Notified Shareholder and shall be open for acceptance by the Notified Shareholder for a period of thirty (30) days from the date upon which such notice is given.
- (b) If the Second Offer is accepted by the Notified Shareholder in writing then it shall become a binding agreement of purchase and sale and the Selling Shareholder will sell and the Notified Shareholder will purchase all of the issued Shares beneficially owned or controlled by the Selling Shareholder upon the same terms and conditions as are contained in the Offer and for an amount which is in the same ratio to the purchase price for all of the issued Shares that is contained in the Offer as all of the Shares of the Selling Shareholder bear to the total number of issued Shares.
- (c) If, within the said period of thirty (30) days, the Notified Shareholder does not accept the Second Offer, the Selling Shareholder shall be entitled to sell all of the Shares owned and controlled by him to the third party purchaser at the price and upon the terms and conditions contained in the Offer, and, in that event, the Notified Shareholder shall also sell all of the Shares owned and controlled by them to the third party purchaser at the price per share and upon the terms and conditions

contained in the Offer, such sale to take place within ninety (90) days from the giving of notice to the Notified Shareholder as aforesaid. In the event the Notified Shareholder is called upon to sell their shares in accordance with this subparagraph, the Notified Shareholder hereby irrevocably appoints the Selling Shareholder as its agent and attorney to execute and deliver, on behalf of the Notified Shareholder, such deeds, transfers, share certificates, resignations or other documents as may be reasonably necessary to complete the sale in accordance with the terms of the Offer.

- (d) If the sale of all of the issued and outstanding Shares is not completed within ninety (90) days from the giving of notice to the Notified Shareholder as aforesaid, no sale of the said Shares shall be made without again complying with the provisions of this Section 8.2 and so on from time to time.

8.3 The Shareholders agree that in the event they mutually agree to sell a part (but not all) of the Shares of the Corporation owned by them to a third party, such sale shall be made by each of them, *pro rata* to the Shares owned by each of them at the time of such sale.

ARTICLE 9 - PIGGY BACK (may be in lieu of Right of First Refusal)

9.1 In the event that any Shareholder (in this Section 9.1 hereinafter called the "**Disposing Shareholder**") sells or otherwise disposes of or agrees to sell or otherwise dispose of Shares representing in the aggregate 20 percent or more of the total number of Shares then outstanding or, if the Disposing Shareholder sells or otherwise disposes of or agrees to sell or otherwise dispose of any number of Shares to any person who, after giving effect to such sale or disposal or proposed sale or disposal, together with any associate or affiliate of such person as defined in the *Securities Act* (Ontario), would then own 20 percent or more of the Shares then outstanding, other than pursuant to Section 7.7, the Disposing Shareholder shall give notice (hereinafter in this Article 9, called the "**Disposal Notice**") of the proposed sale to each Shareholder. The Disposal Notice shall set forth the number of Shares to be sold, the cash price and the other terms and conditions of the sale. As a condition of any such sale, the Disposing Shareholder shall provide to each Shareholder the option of selling all of their Shares at the same price and on the same terms and conditions as set forth in the Disposal Notice.

ARTICLE 10 - GENERAL PROVISIONS RELATING TO THE PURCHASE AND SALE OF SHARES

10.1 In the event of the sale of Shares pursuant to any of the provisions of this Agreement except as otherwise specifically provided for under an agreement of purchase and sale contemplated in Article 8 or elsewhere in this Agreement, the party selling shall in this section be referred to as the "**Seller**" and the party or parties purchasing shall in this section be referred to as the "**Purchaser**" and the following provisions shall apply:

- (a) The date scheduled for closing (the "**Closing**") may be at any earlier or later date agreed to and fixed by the parties hereto;
- (b) The Seller and any nominee of the Seller shall resign from the Board and from any office or employment with the Corporation;
- (c) If upon the date set for the Closing, the Corporation shall be indebted to the Seller for a shareholder's advance recorded on the books of the Corporation and verified by the auditor of the Corporation, such indebtedness shall be paid to the Seller by the Corporation at the time of closing or the Purchaser shall pay the same to the Seller in

addition to the purchase price and the Seller shall assign the said claim to the Purchaser;

- (d) If, upon the date set for Closing, the Seller shall be indebted to the Corporation in an amount recorded on the books of the Corporation and verified by the auditor of the Corporation, the Purchaser shall be entitled to pay, satisfy and discharge all or any portion of such indebtedness and to receive and to take credit against the Purchase Price for the amount or amounts so paid on account of such indebtedness;
- (e) The Seller shall contemporaneously with the execution of this transaction execute and deliver to the Purchaser all such notices, documents and other assurances as may be necessary to enable the Purchaser to exercise voting control of the Shares of the Seller;
- (f) If all or any portion of the monies to be paid by the Purchaser to the Seller are not paid on Closing, the Seller shall deliver to the solicitor of the Corporation the certificate or certificates representing the Shares duly endorsed in blank for transfer or accompanied by a duly endorsed blank stock transfer power and the Purchaser shall deliver to the Seller a promissory note executed by the Purchaser under seal evidencing the unpaid balance of the purchase price. The shares shall be held in escrow by the solicitor (hereinafter in this section referred to as the "**Escrow Agent**") of the Corporation until the Purchaser shall have paid the unpaid balance of the purchase price in full in accordance with the terms and conditions of the accepted or deemed accepted offer, as the case may be;
- (g) Subject as hereinafter provided, if the Purchaser is in default for more than thirty (30) days in respect of the payment of an instalment of the purchase price for the Shares, the Escrow Agent will, at the request of the Seller, return all the Shares of the Seller who shall be entitled to re-transfer the Shares into the Seller's own name. The Seller shall thereupon be entitled to retain the portion of the purchase price therefore received by him and retain the Shares as the Seller's own property absolutely and the Purchaser shall be discharged from liability for payment of the remaining balance of the purchase price;
- (h) Until the purchase price shall have been paid in full, the Seller shall not, until the Purchaser is in default, be entitled to any dividends or other distributions which may be declared or become payable on the Shares being sold and any such dividends or other distributions shall be paid by the Corporation to the Escrow Agent, who is holding the Shares in escrow. To the extent that such dividends or other distributions are in cash, they shall be applied by the said Escrow Agent in payment of the purchase price for the Shares and to the extent that such dividends are not paid in cash, they shall be held by the Escrow Agent on the same terms and conditions as the Shares. Further, as long as the Purchaser is not in default in respect of the purchase price for the Shares, the Escrow Agent shall execute and deliver to the Purchaser such instruments of proxy with respect to the Shares as the Purchaser may reasonably request;
- (i) Upon payment in full by the Purchaser of the purchase price for the Shares as herein provided, the Escrow Agent shall deliver to the Purchaser the certificates representing the Shares duly endorsed in blank for transfer or accompanied by a stock transfer power of attorney duly executed in blank;
- (j) In the event the Purchaser is in default as herein provided, the Escrow Agent shall thereafter, while the Purchaser continues to hold the Shares, receive all dividends,

stock dividends and other distributions from time to time in respect thereof, solely and exclusively for the account of and subject in all respects to the direction of the Seller. In addition, the Escrow Agent shall, at the direction of the Seller in the event of such default, revoke all previous proxies issued by him to the Purchaser and shall issue, at the request of the Seller, new proxies to the Seller;

- (k) In the event the solicitor of the Corporation refuses or is unwilling to act as Escrow Agent for the purposes described herein, the parties hereto shall appoint the general manager of the branch of the Chartered Bank of the Corporation at the time of the Closing to act as Escrow Agent and if such general manager refuses or is unable to assume the duties of Escrow Agent hereunder, the parties hereto shall select a Trust Company licensed to carry on business to so act as Escrow Agent hereunder and each of the parties hereto shall pay the necessary fees and expenses of any such Escrow Agent in equal proportions and the provisions contained herein respecting the duties of the solicitor acting as Escrow Agent shall apply to any such general manager or Trust Company, *mutatis mutandis*;
- (l) If, on the date of closing, the Seller is responsible on any covenant to or for the liabilities of the Corporation, the Purchaser shall use best efforts to procure for the Seller and deliver to the Seller at the time of closing, a release from any such covenants or guarantee;
- (m) If on the date of Closing, the Seller shall have furnished a guarantee or lodged any securities with any person, including the Corporation's bankers, to secure any indebtedness of the Corporation, then the Purchaser shall use best efforts to discharge and release the guarantee and to deliver such securities free and clear from any claims in connection with such indebtedness, to the Seller. In the event that the Purchaser is unable to do so, the Purchaser shall execute all such documents as may be reasonably required in order to indemnify and save harmless the Seller in relation thereto;
- (n) The Purchaser shall deliver to the Seller a covenant to save harmless and keep indemnified the Seller, and the Seller's heirs, executors and administrators, successors, personal representatives and permitted assigns, from and against all losses, costs, expenses and damages whatsoever which may be incurred by reason of any action or proceeding or claim which shall or may be brought or instituted against the Seller in respect of any debt or obligation of the Corporation that may arise subsequent to the completion of this transaction including, without limiting the generality of the foregoing, any claim that may hereinafter arise as based upon the Income Tax Act (Canada) or any amendments thereto;
- (o) If, on the date of Closing, the Seller shall for any reason fail or refuse to complete the transaction, the Purchaser shall have the right upon such default (without prejudice to any other rights which the Purchaser may have at law or in equity) upon payment by the Purchaser of the balance due on closing (less or plus any adjustments herein permitted) to the credit of the Seller in any Chartered Bank in the City of Toronto, or the solicitors for the Corporation on behalf of and in the name of the Seller to complete the transaction as aforesaid, and to obtain or cause the Escrow Agent to obtain the delivery of all share certificates to which the Purchaser is entitled and the Seller hereby irrevocably constitutes the Purchaser the true and lawful attorney of the Seller to complete the transaction and to execute any and every document necessary in that behalf; and

- (p) Notwithstanding any term or provision in this Agreement to the contrary, upon any sale provisions hereinbefore referred to anywhere in this Agreement, being invoked or becoming operative pursuant to the provisions of this Agreement, no other offer or notice of sale or intention of sale shall be given or accepted until the closing or termination of the operative transaction.
- 10.2 As expeditiously as possible after the closing of the transaction of the purchase and sale, the remaining shareholders shall execute a new agreement containing the same terms and conditions as herein contained, with such amendments as may be necessary to provide for the changes required as a result of the change in the shareholders of the Corporation, or as they may be mutually agreed upon, and pending the execution of such new agreement, all of the terms and provisions herein contained shall remain in full force and effect, insofar as the same may be applicable.

ARTICLE 11 - INCAPACITY AND DISABILITY

- 11.1 If a Shareholder is incapacitated from performing the Shareholder's duties as an employee of the corporation; or, if the Shareholder is unable to manage its own affairs for a period of six (6) consecutive months due to illness or mental or physical disability; or, if the Shareholder has been declared bankrupt or makes an assignment for the benefit of creditors; or, if the Shareholder suffers its Shares to be liable to seizure (such party being in this Article 11 referred to as the "**Inactive Party**"), the remaining Shareholders (hereinafter referred to as the "**Active Party**") shall have the exclusive right (but not the obligation) to purchase all but not less than all the Shares and indebtedness owned by the Inactive Party at the purchase price to be determined by the Corporation's auditors, which purchase price for the indebtedness shall be the face amount thereof and for the Shares shall be the fair market value thereof, within sixty (60) Business Days of any of the aforesaid events. In the event that the Inactive Party and/or the Active Party disputes the purchase price, as determined by the Corporation's auditors, by giving notice thereof to the other Shareholders within thirty (30) Business Days from the date that the auditors' valuation has been delivered to the Shareholders, then the fair market value of the Shares shall be determined by two independent accredited business appraisers, one of whom shall be designated by the Inactive Party and the other shall be designated by the Active Party. In the event that the two independent accredited business appraisers are unable to agree upon the fair market value of the Shares then for the purposes of this Article 11 the purchase price for the Shares shall be the average of the fair market value thereof as determined by each independent accredited business appraiser. The Shareholders hereby agree that the determination of the purchase price for the Shares as herein provided shall be conclusive and binding upon each of them for the purpose of this Article 11.

The terms of the said purchase shall be as follows:

- (a) the purchase price shall be paid to the Inactive Party in cash or, at the option of the Active Party, may be paid, as to twenty-five percent (25%) thereof, on closing, being no later than ninety (90) Business Days from the date of the determination in writing thereof by the said auditors, and the balance in twelve (12) consecutive equal monthly instalments, the first of which said instalment shall be payable one (1) month next following the closing, together with interest from the closing at a rate equivalent to the prime rate charged by the Corporation's banker, head office branch, Toronto, Ontario from time to time, calculated and payable monthly upon the balance of the unpaid purchase price, provided that the Active Party shall have the right to prepay the unpaid balance of the purchase price plus accrued interest at any time or times without notice or bonus;

- (b) all other provisions with respect to the purchase of Shares by the Active Party from the Inactive Party shall be in accordance with the provisions of Article 9.

ARTICLE 12 - DEATH

- 12.1 For the purpose of this Article 12 "**Personal Representative**" shall mean the person responsible for the administration of the deceased Shareholder's estate and in whom title of the Shares of such deceased Shareholder is or becomes vested and includes, where applicable, the heirs, the executors, the administrators and the Personal Representatives of such deceased Shareholder.
- 12.2 Upon the death of any Shareholder, the Corporation shall be obligated to purchase and the Personal Representative of the deceased Shareholder shall be obligated to sell all but not less than all of the Shares held by the Personal Representative free of any lien, charge or encumbrance as hereinafter provided.
- 12.3 Upon the death of any Shareholder, the Corporation shall proceed immediately to collect the proceeds of the policy or policies of insurance maintained in accordance with Article 12A hereof on the life of the deceased Shareholder payable to the Corporation. Upon receipt of the said proceeds of insurance, the Corporation shall notify the Personal Representative in writing of the date and Time of Closing, which date and time shall be within thirty (30) days of the receipt of the said insurance proceeds, on which the transaction of purchase and sale contemplated by Section 12.2 shall take place at the registered office of the Corporation.
- 12.4 The price to be paid for the Shares held by the Personal Representative (hereinafter in this Article called the "**Purchase Price**"), shall be the fair market value per Share as at the date of death of the deceased Shareholder, as determined in accordance with Section 11.1 hereof, multiplied by the number of Shares of the Corporation held by the Personal Representative.
- 12.5 The Corporation shall satisfy the Purchase Price as follows:
 - (a) as to an amount equal to the aggregate of the insurance proceeds received by the Corporation on the policy or policies of insurance on the life of the deceased Shareholder, by certified cheque on closing;
 - (b) as to the balance of the Purchase Price, if any, by the execution and delivery to the Personal Representative on closing of a promissory note of the Corporation in an amount equal to such unpaid balance, and providing that the unpaid balance from time to time shall bear interest from the time of closing at the "prime rate" of the Corporation's bank or financial institution, from time to time plus one percent (1%) per annum calculated daily, not in advance. The unpaid balance of the Purchase Price plus the accrued annual interest, shall be paid in thirty-six (36) consecutive monthly instalments commencing one (1) year from the date of closing. Default on any payment of principal or interest, if such default continues for a period of thirty (30) days, shall at the option of the holder of the promissory note cause the entire balance thereof to mature, provided that the Corporation as maker of the promissory note may prepay the amount owing thereunder in whole or in part, in reverse order of maturity, without notice or bonus; and
 - (c) the surviving Shareholders shall personally guarantee the payment of the promissory note by the Corporation.
- 12.6 If, for the purpose of the *Income Tax Act* (Canada) (hereinafter called the "ITA"), the aggregate of the insurance proceeds received by the Corporation in accordance with Section 12.2 together with the deceased Shareholder's *pro rata* share of the balance of the capital dividend account of the Corporation at the date of the Shareholder's death (which aggregate

sum if hereinafter referred to as the "Applicable CDA"), is equal to or greater than the amount of the deemed dividend which, for the purposes of the ITA, will arise on the purchase by the Corporation of the Shares held by the Personal Representative, the Corporation shall take such steps and make such elections as may be necessary to treat such dividend as a capital dividend for the purposes of ITA. If the Applicable CDA is less than the amount of the of the deemed dividend referred to above, the Corporation shall purchase the Shares held by the Personal Representative in stages and make such elections and take such other appropriate steps as may be necessary to ensure that, to the extent possible, the estate of the deceased Shareholder is deemed, for the purposes of ITA, to have received a capital dividend equal to the full amount of the Applicable CDA.

ARTICLE 12A - INSURANCE

- 12A.1 The Corporation shall maintain in full force and effect until the death of any Shareholder, or until the prior sale of all the Shares held by the Shareholder, life insurance coverage on each of the Shareholders in an amount which the Shareholders shall agree upon, under which coverage the Corporation will be the first designated beneficiary and each Shareholder's estate (or other named person) shall be the second designated beneficiary. The Corporation's insurable interest and the accompanying amount of insurance proceeds which the Corporation shall be entitled to receive shall be equal to the Purchase Price, as defined in Article 12.
- 12A.2 Upon the death of any of the Shareholders, the Corporation shall apply the proceeds received under the insurance coverage described in Section 12A.1 above in accordance with the provisions of Article 12. Any proceeds received by the Corporation from the said insurance in excess of the amount required by the provisions of Article 12 shall be paid to the second designated beneficiary.
- 12A.3 Upon the termination of this Agreement for any reason, whether in whole or as it may apply to a particular party hereto, the Corporation shall forthwith offer to assign, transfer and set over to the party in respect of whom this Agreement has been terminated (hereinafter referred to as the "**Terminating Party**") the right, title and interest of the Corporation in and to the insurance policy or policies insuring the life of the Terminating Party for a price equal to the aggregate of the cash surrender value, if any, and of any accumulated dividends or other distribution on such insurance policy or policies, plus the unused portion of the last premium paid thereon as determined by the insurer, or the sum of ONE (\$1.00) DOLLAR, whichever is the greater as of a date immediately prior to the termination of this Agreement vis-a-vis the Terminating Party. Upon payment of such price by the Terminating Party to the Corporation, the Corporation shall forthwith assign, transfer and set over unto the Terminating Party all such rights, title and interest in and to said insurance policy or policies and deliver the same to the Terminating Party. Should the Terminating Party not decide within a period of sixty (60) days from the date of the said offer by the Corporation to acquire the said insurance policy or policies, the said offer shall lapse and be null and void and the Corporation shall forthwith surrender the policy or policies to the insurer for the cash surrender value thereof together with the amount of any accumulated dividends or other distribution thereon, which when received shall be retained by the Corporation.

ARTICLE 13 - SPECIAL RIGHT OF ASSIGNMENT

- 13.1 Notwithstanding any other provision in this Agreement contained, any Shareholder shall have the right, subject to the prior written consent of the remaining Shareholders, which consent shall not be unreasonably withheld, to transfer the Shareholder's Shares to a corporation controlled by him, provided that such corporation shall, concurrently with such

sale, assignment or transfer, agree in writing with the other Shareholders to this Agreement in form and terms satisfactory to the other Shareholders hereto, to be bound by the terms hereof. In the event such corporation ceases to be a corporation controlled by such Shareholder, such Shareholder agrees to cause such corporation to sell its Shares to the remaining Shareholders, *pro rata*, in accordance with the provisions of Article 10 herein, except that the purchase price for the Shares shall be only 80% of fair market value. For the purposes hereof, a "corporation controlled" by a person shall mean a corporation more than fifty percent (50%) of the issued and outstanding shares of which, having full voting rights under all circumstances, are beneficially owned by such person, provided that the votes carried by such shares are sufficient, if exercised, to elect a majority of the board of directors of such corporation.

ARTICLE 14 - ARBITRATION

- 14.1 In the event a disagreement arises between any of the parties hereto with reference to this Agreement or a matter arising hereunder and upon which the parties cannot agree (other than a matter governed by the provisions of Articles 11 and 12), then such disagreement may be referred to arbitration pursuant to the provisions of the *Arbitration Act* (S.O. 1991, c.17, as amended) or in accordance with the provisions of this Article 14.
- 14.2 The following provisions shall govern any arbitration hereunder:
- (a) the reference to arbitration shall be to three (3) arbitrators, one of whom shall be chosen by each party to the dispute and one of whom shall be selected by the two (2) arbitrators chosen by the parties set forth above;
 - (b) a decision and any award shall be made by a majority of the arbitrators.
- 14.3 There shall be no appeal from any decision of the arbitrators.

ARTICLE 15 - NON-COMPETITION

- 15.1 None of the Shareholders will, without the prior written consent of the other Shareholders, at any time while a Shareholder of the Corporation and for a period of three (3) years after he ceases to be a Shareholder of the Corporation, either individually or in partnership or jointly or in conjunction with any person as principal, agent, employee, shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed five percent (5%) of the outstanding shares so listed) or in any other manner whatsoever carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit the Shareholder's name or any part thereof to be used or employed by any person engaged in or concerned with or interested in any business similar to or competitive with the business carried on by the Corporation within the Province of Ontario or, if the Shareholder has ceased to be a Shareholder of the Corporation, any business similar to or competitive with the business carried on by the Corporation at the time such Shareholder ceased to be a shareholder of the Corporation.

ARTICLE 16 - FAMILY LAW ACT

- 16.1 If at any time during the continuance of this Agreement an application or proceeding is brought by a Shareholder or the spouse or former spouse of a Shareholder under the *Family Law Act* (R.S.O. 1990, c.F3, as amended) from time to time, to determine the entitlement of the spouse or former spouse to the net family property of such Shareholder (hereinafter called the Selling Shareholder), and the Selling Shareholder shall not have produced evidence reasonably satisfactory to the other Shareholders, within ninety (90) days of the date on which such application or proceeding is brought (the "**Settlement Period**"), that the

financial claims of such spouse or former spouse to such entitlement can be settled without in any way, directly or indirectly, affecting, encumbering or interfering with the holding of Shares by the Selling Shareholder, then the Selling Shareholder shall give notice of such event to the other Shareholders and the other Shareholders shall have the right, exercisable by notice to the Selling Shareholder within sixty (60) days after the giving of notice by the Selling Shareholder, to purchase, each in proportion to their beneficial ownership of Shares in the Corporation, at a price equal to the fair value thereof (as defined in Section 11.1 hereof) at the time of the expiry of the Settlement Period, all, but not less than all, of the Shares owned by the Selling Shareholder. In the event that the Selling Shareholder shall fail to give notice of the aforesaid application or proceeding or of the failure to effect settlement thereof, the other Shareholders may, notwithstanding such failure, exercise their right to purchase, each in proportion to their beneficial ownership of Shares in the Corporation, all (but not less than all) of the Shares owned by the Selling Shareholder by notice to the Selling Shareholder within sixty (60) days after expiry of the Settlement Period or within sixty (60) days of learning of the aforesaid application or proceeding, whichever is the later (the "**Notice Period**"). The said purchase and sale shall be completed within fifteen (15) days after the expiry of the Notice Period.

In the event any Shareholder does not exercise their right to purchase hereunder, the remaining Shareholders shall have the right, exercisable by notice to the Selling Shareholder within thirty (30) days after expiry of the Notice Period, to purchase, each in proportion to their beneficial ownership of Shares in the Corporation, the Shares for which such Shareholder has not exercised their option to purchase.

16.2 For the purposes of Section 15.1 hereof, the "fair value" of the shares owned by the Selling Shareholder shall be the fair market value thereof, as determined in accordance with Section 11.1 hereof, as at the time of the expiry of the Settlement Period, except that for the purposes of this Section the Inactive Party as referred to therein shall be deemed to be the Selling Shareholder and the Active Party as referred to therein shall be deemed to be the remaining Shareholders.

ARTICLE 17 - GENERAL PROVISIONS

17.1 The parties hereto covenant and agree that a copy of this Agreement shall be inserted in the minute book of the Corporation and that any certificates representing Shares in the Corporation heretofore issued and hereafter issued shall legibly and conspicuously state thereon as follows:

The class or series of shares that this Share Certificate represents is subject to the provisions of a Shareholders Agreement containing, among other things, restrictions on the sale, transfer or other disposition of these shares.

The provisions of this Agreement relating to the Shares shall apply *mutatis mutandis* to any shares or securities into which such Shares may be converted, reclassified, divided, redesignated, subdivided or consolidated, to any shares or securities which are received by the parties hereto as a stock dividend or distribution payable in shares or securities of the Corporation and to any shares or securities of the Corporation or of any successor or continuing corporation which may be received by the parties hereto on a reorganization, amalgamation or consolidation.

Shareholders

17.2 Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any party a partner of any other party to this Agreement in the conduct of any business or

otherwise a member of a joint venture or joint enterprise with any other party to this Agreement.

Notices

17.3 All notices, consents, approvals, statements, authorizations, documents, or other communications (collectively "**Notice**") required or permitted to be given hereunder shall be in writing, and shall be delivered personally, transmitted by facsimile machine or mailed by registered mail, postage prepaid, to the said parties at their respective addresses set forth hereunder, namely:

(i) in the case of • to:

•

(ii) in the case of • to:

•

(iii) in the case of • to:

•

(iv) in the case of the Corporation to:

•

or at any such address or addresses as may be given by any of them to the other in writing from time to time. Such Notice, if mailed, shall be deemed to have been given on the fourth business day (except Saturdays and Sundays) following such mailing, or, if delivered personally, or transmitted, shall be deemed to have been given on the day of delivery or transmittal, if a business day, or if not a business day, on the business day next following the day of delivery; provided that if such Notice shall have been mailed and if regular mail service shall be interrupted by strike or other irregularity before the deemed receipt of such Notice as aforesaid, then such Notice shall not be effective unless delivered or transmitted.

Further Assurances

17.4 Each of the parties hereto covenants and agrees that they, their heirs, executors, administrators, successors and assigns will sign such further agreements, assurances, papers and documents, attend such meetings, enact such by-laws, and pass such resolutions and exercise such votes and influence and do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable from time to time in order to give full force and effect to this Agreement and every part thereof.

Each of the parties hereto hereby agree that the Shareholder will at all times be faithful to the others and will do their best to further the interests of the Corporation and will at all times cast their votes for the election of the persons as herein provided as officers and directors of the Corporation, and will at no time cast their vote as a director or shareholder for the purpose of ousting the other parties hereto from office, nor shall any of the parties hereto take any measure by way of entering into a conspiracy or agreement for the purpose of ousting the other parties hereto from office or for doing that which may prove detrimental to the interests of any of the parties hereto.

Final Agreement

17.5 This Agreement expresses the final Agreement amongst the parties hereto with respect to all matters herein and its execution has not been induced, nor do any of the parties hereto rely upon or regard as material any representations or promises whatsoever not incorporated herein or made a part hereof, and it shall not be altered, amended or qualified except by memorandum in writing signed by all of the parties hereto, and any alteration, amendment or qualification thereof, shall be null and void and shall not be binding upon any such party unless made and recorded as aforesaid.

Supersedes Other Agreements

17.6 This Agreement supersedes any previous agreement in writing or otherwise made amongst the parties hereto in connection with their relationship as Shareholders of the Corporation.

Successors and Assigns

17.7 This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Counterparts

17.8 This Agreement may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

Non-Merger

17.9 Each party hereby agrees that all provisions of this Agreement shall forever survive the execution and delivery of this Agreement and any and all documents delivered in connection herewith.

Entire Agreement

17.10 This Agreement and the schedules referred to herein constitute the entire Agreement between the parties hereto with respect to the subject matter thereof and supersede all prior letters of intent, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter thereof.

Conflicts

17.11 It is agreed that if any conflict shall appear between the by-laws and resolutions of the Corporation and the provisions hereof, that as between the parties hereto, the provisions of this Agreement shall govern rather than the provisions of such by-laws and resolutions and any such conflict shall be resolved by appropriate amendments to such by-laws and resolutions.

Additional Subscribers

17.12 Every issue of shares shall be subject to the condition that each subscriber shall, if not already a party hereto, agree to be bound by the terms hereof and become a party hereto and to execute, along with the shareholders existing at the time, a new shareholder agreement containing the same terms and conditions as herein contained, with such amendments as may be necessary to provide for the changes required as a result of the change in the shareholders of the Corporation, or as they may be mutually agreed upon.

Termination

17.13 This Agreement shall terminate upon the occurrence of any one of the following events:

- (a) the written agreement of the Shareholders to that affect;
- (b) the bankruptcy, receivership or dissolution of the Corporation;
- (c) the death of all the shareholders simultaneously or within a period of thirty (30) days;
- (d) the transfer of all of the shares in the capital stock of the Corporation to one Shareholder.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the day, month and year first above written.

SIGNED, SEALED AND)
 DELIVERED IN THE)
 PRESENCE OF:)
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Per:
 Name: •
 Title: President