

JUST LIST INFORMATION TECHNOLOGY INC.
SHAREHOLDERS' AGREEMENT

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THIS SHAREHOLDERS' AGREEMENT is made as of the 20 day of ^{May} April, 2015. (JK)

AMONG:

JUST LIST INFORMATION TECHNOLOGY INC., a company incorporated under the laws of the Province of British Columbia and having a Registered and Records office at 1600 - 925 West Georgia Street, Vancouver, V6C 3L2

(the "**Company**")

AND:

SHAWANA CHAUDHARY, a businessperson having an office at <@>

("Chaudhary")

AND:

KIM, a businessperson having an office at <@>

("Kim", and together with Chaudhary, the "**Initial Shareholders**" and each an "**Initial Shareholder**")

AND:

Certain other parties that may become party to this Agreement from time to time

(such parties, together with the Initial Shareholders, the "**Shareholders**" and each a "**Shareholder**")

WHEREAS:

A. The Company carries on the business of providing online real estate sales and marketing services (the "**Business**").

B. The parties hereto wish to set out their respective rights and obligations in respect of the ownership of shares of the Company and the operation of the Company, all upon the terms and conditions hereof.

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

1. INTERPRETATION

1.1 Definitions. In this Agreement, the following terms shall have the meanings set forth below unless the context otherwise requires:

- (a) **"Act"** means the *Business Corporations Act* (British Columbia), as amended, substituted or succeeded from time to time;
- (b) **"Affiliate"** means, with respect to any Shareholder:
 - (i) any corporation which is directly or indirectly controlled by such Shareholder or by the Representative of such Shareholder and, if any Shareholder is a corporation, means in addition to the foregoing any person who controls such corporate shareholder;
 - (ii) a trust for the benefit of the Shareholder and/or his or her immediate family; or
 - (iii) any firm or corporation which is not acting at arm's length to such Shareholder, within the meaning ascribed to that expression in the *Income Tax Act* (Canada) in effect on the date of this Agreement;
- (c) **"Agreement"** means this shareholders' agreement, as the same may be amended, restated or replaced from time to time;
- (d) **"Board"** means the Board of Directors of the Company;
- (e) **"Budget"** has the meaning given to it in Section 2.5(n);
- (f) **"Business"** has the meaning given to it in Recital A;
- (g) **"Business Day"** means any day except Saturday, Sunday or any statutory holiday in the Province of British Columbia;
- (h) **"Constating Documents"** means with respect to any corporation, partnership, trust or other entity, the documents by which such entity is formed such as the articles of incorporation, the memorandum and articles of association, the partnership agreement or the declaration or settlement of trust;
- (i) **"control"** means, when applied to the relationship between a Person and a corporation, the beneficial ownership by such Person of voting rights ordinarily exercisable at meetings of shareholders of such corporation that are sufficient to elect a majority of the directors of such corporation, and, when applied to a relationship between a Person and a trust, the ability of such Person to control the voting, disposition or use of the assets held by the trust;
- (j) **"Date"** means the date of death of the Deceased;
- (k) **"Deceased"** has the meaning given to it in Section 7.1;

- (l) **"Default"** has the meaning given to it in Section 10.1;
- (m) **"Defaulting Shareholder"** has the meaning given to it in Section 10.1;
- (n) **"Director"** means a director of the Company, and **"Directors"** has a corresponding meaning;
- (o) **"Drag Along Notice"** has the meaning given to it in Section 6.8(b);
- (p) **"Drag Along Right"** has the meaning given to it in Section 6.8(a);
- (q) **"Electing Shareholder"** has the meaning given to it in Section 6.9(b)(i);
- (r) **"Equity Securities"** means, (i) all Shares and other securities of the Company that carry the residual right to participate in the earnings of the Company and, on liquidation, dissolution or winding-up, in the assets of the Company, whether or not any such Share or security carries voting rights; (ii) any warrants, options or rights entitling the holders thereof to purchase or acquire any such securities; or (iii) any securities issued by the Company which are convertible or exchangeable into such securities;
- (s) **"Fair Market Value"** means the fair market value of Shares determined in accordance with Section 8.1;
- (t) **"First Valuation Report"** has the meaning given to it in Section 8.1(c);
- (u) **"First Valuator"** has the meaning given to it in Section 8.1(b);
- (v) **"Fully Diluted Basis"** means at any time means that all options, warrants or other rights of any kind to acquire Shares and all securities convertible, exchangeable or otherwise exercisable into Shares outstanding at that time shall be deemed to have been fully exercised, converted or exchanged, as the case may be, and the Shares issuable as a result thereof shall be deemed to have been fully issued and to form part of the holdings of the Person(s) entitled to receive such Shares;
- (w) **"Initial Shareholders"** means Chaudhary and Kim (and each is an **"Initial Shareholder"**);
- (x) **"Insolvency Event"** means the winding-up or liquidation of a Person, the institution of proceedings to be adjudicated as bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any analogous laws, the consenting to the institution of such proceedings, the consenting to the filing of any petition under the *Bankruptcy and Insolvency Act* (Canada) or to the appointment of a receiver or receiver manager, the making of a general assignment for the benefit of creditors, the filing of a proposal to settle payment of creditors' liabilities under the *Companies' Creditors Arrangement Act* (Canada), the admission in writing of insolvency, the taking of any action in furtherance of any of the above, the

passing of a resolution by a company for its winding-up or the dissolution pursuant to the Act or any similar provision enacted in substitution thereof;

- (y) **"Insurance Proceeds"** means all money due under the insurance on the life of the Deceased (if any), including any return of the premiums paid in respect of that insurance if the Deceased did any act or thing rendering the insurance on his or her life void or invalid, or if any part of the premiums paid are returned for any other reason;
- (z) **"Nondefaulting Shareholder"** and **"Nondefaulting Shareholders"** have the meaning given to them in Section 10.1(a);
- (aa) **"Notice of Default"** has the meaning given to it in Section 10.2(c);
- (bb) **"Offer"** has the meaning given to it in Section 10.3;
- (cc) **"Offered Interest"** has the meaning given to it in Section 6.8(a)(i);
- (dd) **"Offeror"** means a Shareholder or group of Shareholders, as the context requires;
- (ee) **"Other Shareholders"** has the meaning given to it in Section 6.8(a) and **"Other Shareholder"** has a corresponding meaning;
- (ff) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a joint venture, a trust, an association, an unincorporated organization, a regulatory body or agency, a government or governmental agency or authority or entity, an executor or administrator or other legal or personal representative, or any other juridical entity;
- (gg) **"Personal Representative"** has the meaning given to it in Section 7.1;
- (hh) **"Piggy-Back Notice"** has the meaning given to it in Section 6.9(a)(iv);
- (ii) **"Preferred Shares"** means Class A Preferred Shares or Class B Preferred Shares or any combination thereof as the context may require;
- (jj) **"Purchase Offer"** has the meaning given to it in Section 6.8(b)(ii);
- (kk) **"Purchase Price"** has the meaning given to it in Section 9.2;
- (ll) **"Purchased Interest"** has the meaning given to it in Section 9.2;
- (mm) **"Purchaser"** has the meaning given to it in Section 9.2;
- (nn) **"Representative"** means (i) in respect of a Shareholder that is a corporation, its controlling shareholder, and (ii) in respect of a Shareholder that is a trust, its trustee (for greater certainty, Darren is the Representative of the Stevens Trust);
- (oo) **"Representing Shareholder"** has the meaning given to it in Section 3.1;

- (pp) **"Second Valuation Report"** has the meaning given to it in Section 8.1(e);
- (qq) **"Shareholders"** means the Initial Shareholders and such other Persons from time to time who hold Shares and who have delivered to the Company an agreement to be bound by the terms of this Agreement in the form attached hereto as Schedule A, and **"Shareholder"** means any one of them;
- (rr) **"Shareholder Loan"** means loans which are owing by the Company to a Shareholder;
- (ss) **"Shares"** means at the relevant time issued and outstanding shares of any class in the capital of the Company;
- (tt) **"Subject Interest"** has the meaning given to it in Section 7.1(a);
- (uu) **"Third Party Offer"** has the meaning given to it in Section 6.8(a)(i);
- (vv) **"Third Party Offeror"** has the meaning given to it in Section 6.8(a)(i);
- (ww) **"Time of Closing"** has the meaning given to it in Section 9.1; and
- (xx) **"Transfer"** includes any sale, exchange, assignment, gift, bequest, disposition, hypothec, mortgage, lien, charge, priority, pledge, encumbrance, grant of security Shares or any arrangement by which possession, legal title or beneficial ownership passes from one Person to another, or to the same Person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing, and **"Transferred," "Transferring"** and similar words have corresponding meanings.

1.2 Construction. This Agreement has been negotiated by each party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

1.3 Certain Rules of Interpretation. In this Agreement:

- (a) the division into parts and sections, and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement as a whole and not to any particular portion of this Agreement; and
- (c) unless specified otherwise or the context otherwise requires:

- (i) "including" or "includes" means "including (or includes) but is not limited to", and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it; and
- (ii) words in the singular include the plural and vice-versa, and words in one gender include all genders.

1.4 Computation of Time. In this Agreement, unless specified otherwise or the context otherwise requires, a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. (Vancouver time) on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. (Vancouver time) on the next succeeding Business Day.

1.5 Performance on Business Days. If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

1.6 Application of this Agreement. The Shareholders agree that this Agreement will apply to any Shares and Shares now or hereafter owned of record or beneficially by any Shareholder.

1.7 Conflict with Articles. In the event of any conflict or inconsistency between this Agreement and the articles of the Company in effect from time to time, this Agreement shall prevail to the extent of the conflict or inconsistency, and the Shareholders shall take all necessary steps to amend the articles of the Company to eliminate that conflict or inconsistency.

1.8 Schedules. The Schedules to this Agreement which are incorporated and form part of this Agreement are as follows:

Schedule A – Form of Agreement to be Bound

2. BUSINESS AND AFFAIRS OF THE COMPANY

2.1 Shareholders to Cause Compliance. The Shareholders shall cause all meetings to be held, votes to be cast, resolutions to be passed, articles to be made, documents to be executed and all other things and acts to be done to ensure that, at all times, the provisions of this Agreement are fully complied with and in full force and effect.

2.2 Board Composition. From and after the date on which this Agreement is made, the Shareholders shall vote their Shares so that the Board is comprised of a minimum of two Directors, initially being Chaudhary and Kim.

2.3 Quorum for Board Meetings. A quorum for the transaction of business at any meeting of the Board will be a majority of Directors, which must include Chaudhary and Kim. If a quorum is not present at the commencement of a Board meeting, the Directors present may not transact any business and such Directors will be deemed to have adjourned such meeting to the same time and place three Business Days following the date on which the

meeting was originally called. If a quorum is not present at such adjourned meeting, then the Directors who are present will be deemed to be a quorum and may transact all business that a full quorum might have transacted with respect to the items set forth in the notice (or accompanying documentation) supplied to the Directors in connection with the originally scheduled meeting of the Board.

2.4 Officers. The Company will initially have 2 Officers and will initially be comprised as follows:

- (a) Chaudhary as President and Secretary; and
- (b) Kim as Vice President.

If an Officer ceases to be an Officer for any reason, the vacancy will promptly be filled by the Board.

2.5 Special Matters. The Company shall only undertake the following matters after having received consent in writing by Shareholders representing not less than 70% of the Shares, which must include the Initial Shareholders:

- (a) Any amendment to the Constatting Documents which would have the effect of changing the authorized capital of the Company;
- (b) Any creation, allotment or issuance of any additional Shares, other than as a result of the exercise of duly granted stock options;
- (c) Any action altering the special rights and restrictions attaching to any Shares;
- (d) Any change in the number of Directors comprising the Board, or any removal and/or replacement of any Director or Directors;
- (e) Any purchase, redemption or acquisition by the Company of any Shares other than any purchase of Shares upon the death of a Shareholder as described in Section 7 of this Agreement;
- (f) declare any dividends on any Shares;
- (g) Any sale, lease, transfer or other disposition of all or substantially all of the undertaking, property or assets of the Company;
- (h) The borrowing of money by the Company;
- (i) The granting of a mortgage or security over any property of the Company to secure any obligation;
- (j) Any giving of financial assistance by the Company, by means of a loan, guarantee or otherwise, to any Person;

- (k) Any amalgamation, arrangement, merger or any other form of business combination involving the Company;
- (l) Any proceeding with a view to the dissolution, winding up or termination of the existence of the Company, except for that sought pursuant to a court application;
- (m) The payment of any dividend or other distribution to the Shareholders;
- (n) The approval of, or any amendment to, the annual operating and capital expenditures budget (the "**Budget**") or the business plan of the Company;
- (o) Any single capital expenditure over \$500,000 or total capital expenditure in any 12 month period greater than \$1,000,000, other than expenditures specifically enumerated in the Budget;
- (p) enter into any transaction or agreement, which is material to the Company, with an Affiliate of the Company or Shareholder or any Person not dealing at arm's length with such Persons, other than in the ordinary course of business;
- (q) Repayment of any loans and obligations of the Company in favour any Shareholder; and
- (r) Repurchase or redeem, or agree to repurchase or redeem, any Shares, other than in connection with the termination of an employee of or consultant to the Company.

2.6 No Partnership. Nothing in this Agreement will be construed as creating a partnership among the parties hereto or any of them. Each party to this Agreement is an independent contractor and no party shall act as, or represent itself as being an agent or authorized representative of any other party, except to the extent that each Director is, as a Director (and/or officer) of the Company, authorized to represent or bind the Company irrespective of the fact that he or she may be a Shareholder or a Representative, director, officer, employee or Affiliate of a Shareholder.

3. REPRESENTATIONS AND WARRANTIES

3.1 Representations of Shareholders. Each Shareholder (the "**Representing Shareholder**") represents and warrants to each of the other Shareholders that:

- (a) this Agreement has been duly executed and delivered by the Representing Shareholder and is a valid and binding obligation of the Representing Shareholder enforceable in accordance with its terms; and
- (b) the Representing Shareholder is not owed any money by the Company.

3.2 Shareholdings. Each Shareholder holds its Shares free and clear of any and all encumbrances of any kind whatsoever.

4. RIGHT TO DIVIDENDS

4.1 Preferred Share Dividends. If the Company earns a net profit of \$2,400,000, then the Company shall declare and pay a dividend on its Preferred Shares equal to the aggregate amount of five percent (5%) of the Company's net profit.

4.2 Insolvency. Notwithstanding the foregoing, the Company shall not be required to declare and pay any dividend if the Company is insolvent or if to do so would render the Company insolvent.

5. FINANCIAL CONSIDERATIONS

5.1 Shareholder Advances to be Kept to a Minimum. The financial contribution of the Shareholders to the Company shall be kept as much as possible to a minimum.

5.2 Bank Borrowing. Funds required by the Company from time to time shall be obtained to the greatest extent possible by borrowing from a chartered bank or other institutional lender.

5.3 Conditions of Shareholders' Advances. The Shareholders shall make financial contributions to the Company on the following terms only:

- (a) except with the unanimous consent of the Shareholders, no Shareholder shall be obliged to guarantee the indebtedness of the Company to any extent or to pledge his or its credit on behalf of the Company;
- (b) any guarantee provided hereunder shall be borne by the Shareholders in proportion to their shareholdings in the Company at the time of demand for payment by the lender; and
- (c) if any Shareholder discharges any liabilities of the Company either directly or pursuant to a guarantee provided hereunder, then the Shareholder discharging the liabilities shall be reimbursed by the Shareholder or Shareholders not so contributing so that each of the Shareholders shall have contributed in proportion to his or its shareholding in the Company at the time of demand for payment by the lender.

5.4 Shareholders Loans. If the Company fails to obtain funds as provided in Section 5.2, then the Board may make a written request of all Shareholders for a Shareholder Loan on the following terms:

- (a) the request shall be approved in advance by the Board and the Shareholders pursuant to Section 2.5 of this Agreement;
- (b) the request shall be made to each Shareholder wherein the amount of the Shareholder Loan requested shall be in proportion to his or its shareholding in the Company;
- (c) a Shareholder shall advance the money requested within 30 days of receipt of the written request for a Shareholder Loan;

- (d) the Shareholder Loan shall not bear interest unless the request by the Company, as applicable, specifies that it shall;
- (e) a Shareholder shall not demand repayment of the Shareholder Loan for so long as he or it is a Shareholder;
- (f) if a Shareholder ceases to own Shares, the Shareholder may demand repayment of a Shareholder Loan and the Company, as applicable, shall have one year from the date of such demand to repay same; and
- (g) if the Company elects to repay Shareholder Loans, in whole or in part, it shall do so in proportion to each Shareholder's contribution to the Company by way of Shareholder Loan.

5.5 Loan Priorities. The Shareholders shall postpone any Shareholder Loan provided pursuant to Sections 5.1 and 5.4 to other borrowing of the Company to the extent required by the lender as a condition of the granting of the loan.

5.6 Distributions. Except when prohibited by the terms of any debt financing and to the extent permitted by law, the profits of the Company available for distribution may, at the sole discretion of the Board, be distributed, after making such provision and transfers to reserves as shall be required in the opinion of the Board to meet expenses or anticipated expenses, firstly by way of repayment of Shareholder Loans on a pro rata basis, and secondly by way of dividend.

6. RESTRICTIONS ON ISSUANCES AND TRANSFERS OF EQUITY SECURITIES

6.1 Legend. Any and all certificates representing Equity Securities now or hereafter owned by Shareholders during the currency of this Agreement (whether such Equity Securities are issued initially or following a Transfer or otherwise) shall have endorsed thereon in bold type the following legend:

"The securities represented by this certificate are subject to the provisions of that certain shareholders' agreement made as of the ____ day of _____, 2015 among the Company and its shareholders, as the same amended, restated or replaced from time to time, and such securities are not transferable on the books of the Company except in accordance and compliance with the terms and conditions of such agreement."

6.2 Restrictions on Transfer. Except as specifically provided for in, and permitted by, this Agreement, no Shareholder shall Transfer all or any part of his, her or its Shares to any Person, whether a Shareholder or not.

6.3 Non-Permitted Transfers. A purported Transfer of any Shares or part thereof in violation of this Agreement shall not be valid and the Company shall not register any such Transfer of Shares on the register of shareholders of the Company, and shall not pay any dividend, or make any distribution, on Shares that are the subject of such a Transfer. The voting rights attaching to or relating to any Shares purported to be transferred in violation of this Agreement shall not be exercised, and any purported exercise of those

voting rights shall not be valid or effective. Each Shareholder that purports to make a Transfer of any Shares in violation of this Agreement shall waive its rights, and hereby waives its rights, to all voting rights of, and all dividends and distributions paid or made on, such Shares until the purported Transfer is nullified.

6.4 Right of First Refusal.

- (a) An Offeror desiring to transfer any or all of its Shares shall give written notice to the Company (the "**Transfer Notice**") specifying the number of Shares that it desires to transfer (the "**Offered Interest**"), the price, in lawful money of Canada, for the Offered Interest, and the terms of payment upon which the Offeror is prepared to transfer the Offered Interest. The Transfer Notice shall constitute the Company as the agent of the Offeror for the sale of the Offered Interest to any other Shareholder or Shareholders at the price and upon the terms of payment specified in the Transfer Notice. The Transfer Notice shall also state whether the Offeror has received an offer to purchase (the "**Third Party Offer**") the Offered Interest, or any of them, from, or proposes to sell the Offered Interest, or any of them, to, any particular Person or Persons who are not Shareholders and, if so, the names and addresses of those Persons and the price and terms in the Third Party Offer shall be specified in the Transfer Notice. The Transfer Notice shall constitute an offer by the Offeror to the other Shareholders to sell the Offered Interest to the other Shareholders and shall not be revocable.
- (b) The Company shall forthwith upon receipt of the Transfer Notice transmit a copy of it to each Shareholder other than the Offeror and shall request that each such Shareholder state in writing, within 14 days from the date of the Transfer Notice, whether it is willing to purchase any of the Offered Interest and, if so, the maximum number of Shares or percentage of the Offered Interest it is willing to purchase.
- (c) The Offeror shall not be obliged to sell in the aggregate less than all of the Offered Interest pursuant to this Section 6.4.
- (d) Upon the expiration of the 14-day notice period provided for in Section 6.4(a) above, if the Company has received from the Shareholders entitled to receive the Transfer Notice sufficient acceptances to purchase all the Offered Interest, the Company shall thereupon apportion the Offered Interest among the Shareholders so accepting pro rata in proportion to the number of Shares held by each of them respectively up to the number of Shares or percentage of the Offered Interest accepted by each of them, respectively. If the Company has not received sufficient acceptances to purchase all of the Offered Interest, the Company may apportion the Offered Interest among the Shareholders accepting pro rata in proportion to the number of Shares held by each of them respectively up to the number of the Offered Interest accepted by each of them respectively.
- (e) Subject to Section 6.4(c) above, upon the Company's receipt of acceptances to purchase all or any part of the Offered Interest and after an apportionment has

been made pursuant to Section 6.4(d) above, if necessary, a binding contract of purchase and sale between the Offeror and the Shareholders who transmitted such acceptances shall be deemed to come into existence on the terms set out in this Agreement and the Transfer Notice.

- (f) After an apportionment has been made pursuant to Section 6.4(d) above and upon payment of the price for the Offered Interest apportioned, the Offeror shall be bound to transfer those Shares in accordance with that apportionment and if the Offeror fails to do so the Company shall cause the names of the purchasing Shareholders to be entered in the register of shareholders of the Company as the holders of those Shares and shall cancel the share certificates previously issued to the Offeror representing those Shares whether they have been produced to the Company or not. Payment to the Company, as agent for the Offeror, of the Purchase Price shall be sufficient payment by the purchasing Shareholders and entry of the transfers in the register of shareholders of the Company shall be conclusive evidence of the validity of the transfers. Upon completion of the transfers, and delivery of the share certificates duly endorsed in blank for transfer, the Company shall pay those funds held by the Company representing the Purchase Price to the Offeror.
- (g) The Offeror may for a period of 90 days after the expiration of the 14-day period provided for in Section 6.4(a) above transfer to any Person the Offered Interest not purchased by other Shareholders pursuant to Sections 6.4(b), (c), (d), (e), and (f) above, provided that:
 - (i) if the other Shareholders did not purchase any of the Offered Interest, the Offeror may not sell less than all the Offered Interest;
 - (ii) the Offeror shall sell the Offered Interest for cash at Tim of Closing, free and clear of encumbrances, and on terms which are identical to those specified in the Transfer Notice;
 - (iii) the Offeror shall not sell any of the Offered Interest to any person, unless at the time of the sale that person complies with Section 6.7; and
 - (iv) if the Offeror has not transferred the Offered Interest or any of them within the 90-day period, then the provisions of this Section 6.4 shall again become applicable to all of the Offered Interest not disposed of within the 90-day period.
- (h) The provisions as to transfers of Shares contained in Sections 6.4(a), (b), (c), (d), (e), (f) and (g) of this Section 6.4 shall not apply:
 - (i) if, before the proposed transfer of Shares is made, all other Shareholders waive their rights to receive the Transfer Notice; or
 - (ii) to any transfer of Shares pursuant to the provisions of Sections 6.5, 6.8, 6.9, 7 or 10 of this Agreement.

6.5 Transfer to Affiliates. Notwithstanding Sections 6.2 and 6.4, any Shareholder may Transfer all, but not less than all, of its Shares to an Affiliate controlled by such Shareholder or the Representative of such Shareholder; provided that, prior to any such transfer, the Shareholder and the Affiliate enter into an agreement, which provides that:

- (a) one hundred percent (100%) of the Shareholder's Shares will be transferred to the Affiliate;
- (b) the Affiliate will remain an Affiliate controlled by the Shareholder (or the Representative of such Shareholder) for so long as the Affiliate holds such Shares;
- (c) prior to the Affiliate ceasing to be an Affiliate controlled by the Shareholder (or the Representative of such Shareholder), the Affiliate will Transfer such Shares to the Shareholder or to another Affiliate controlled by the Shareholder (or the Representative of such Shareholder), and that such other Affiliate will execute an Agreement to be Bound in the form set out in Schedule A;
- (d) the Affiliate will otherwise be bound by and have the benefit of the provisions of this Agreement; and
- (e) the obligations of the original Shareholder hereunder shall not in any way be released and shall continue in full force and effect.

6.6 No Transfer by Defaulting Shareholder. Notwithstanding any other provision of this Agreement, except as required by the terms of this Agreement, no Shareholder shall be entitled to Transfer its Shares, or any part thereof, without the prior written consent of the Board, if it is at that time a Defaulting Shareholder, unless prior to or concurrently with that Transfer it ceases to be a Defaulting Shareholder.

6.7 Further Restriction of Transfer. No Shareholder shall Transfer all or any part of its Shares to any Person, whether a Shareholder or not, who is not a party to or has not agreed to be bound by this Agreement until such Person subscribes to or agrees to be bound by this Agreement by executing an Agreement to be Bound in the form set out in Schedule A. The Shareholders and the Company will not recognize or treat as a shareholder of the Company any Person who acquires any Shares or control over any Shares or afford any such Person the rights afforded by this Agreement or any of the incidents connected with being a shareholder of the Company until such Person subscribes to or agrees to be bound by this Agreement by executing an Agreement to be Bound in the form set out in Schedule A, and the Shareholders need only deal with as a shareholder of the Company Persons who have subscribed to or agreed to be bound by this Agreement.

6.8 Drag Along Rights.

- (a) If:
 - (i) an Offeror which owns at least seventy percent (70%) of the issued and outstanding Shares of the Company receives, from an arm's length third

party (the **"Third Party Offeror"**), a bona fide offer (the **"Third Party Offer"**) to purchase all of the Shares held by or on behalf of the Offeror (the **"Offered Interest"**);

- (ii) the Board has approved the Third Party Offer by at least two-thirds of the votes eligible to be cast;
- (iii) the Initial Shareholders have provided written approval of the Third Party Offer; and
- (iv) the Offeror has accepted the Third Party Offer;

then the Offeror shall have the right (the **"Drag Along Right"**) to require the other Shareholders (the **"Other Shareholders"**) to sell all but not less than all of the Shares held by them to the Third Party Offeror for the consideration and on the terms and conditions provided in Section 6.8(b).

- (b) The Drag Along Right may only be exercised by the Offeror giving a written notice (a **"Drag Along Notice"**) to each of the Other Shareholders, which notice:
 - (i) shall stipulate the name of the Third Party Offeror, and the time, date and place of completing the sale of the Offered Interest which the Other Shareholders are being required to make;
 - (ii) shall be accompanied by a copy of the Third Party Offer and by a written offer (the **"Purchase Offer"**) from the Third Party Offeror offering to purchase from each Other Shareholder all of the Shares held by such Other Shareholder for the same price per Share and on the same terms and conditions as are contained in the Third Party Offer; and
 - (iii) shall be given not less than 15 days prior to the date fixed for completion of the transaction provided for by the Purchase Offer.
- (c) Promptly following its receipt of the Purchase Offer (and in any event within five days after its receipt thereof), each of the Other Shareholders shall duly execute the Purchase Offer and deliver it in accordance with the terms of the Purchase Offer.

At the time of completing any sale of Shares contemplated by this Section 6.8, each Other Shareholder shall deliver to the Third Party Offeror share certificates for the Shares which are to be sold by such Other Shareholder to the Third Party Offeror, duly endorsed in blank for transfer, against satisfaction in full of the price for such Shares in accordance with the terms of the Purchase Offer.

If any Other Shareholder does not complete the sale of its Shares as aforesaid, the Offeror may complete such sale on behalf of the Other Shareholder pursuant to the power of attorney provided for in Section 6.8(d). In such event, the Offeror shall be entitled to have the proceeds of such sale made payable to the Company

in trust for such Other Shareholder, to be retained by the Company until the Other Shareholder delivers to the Company share certificates representing its Shares, which share certificates shall be endorsed in accordance with the foregoing provisions of this Section. Promptly following receipt of such share certificates and assignment, the Company shall deliver, and, to the extent necessary, assign, the applicable sale proceeds to the Other Shareholder.

- (d) Each Shareholder hereby irrevocably appoints the Company as its attorney and agent for, in the name of and on behalf of such Shareholder to take possession and to execute and deliver, in the name of and on behalf of such Shareholder, all such Purchase Offers, certificates, instruments, assignments and documents as may be necessary or desirable in the reasonable opinion of the Offeror, to accept any Purchase Offer of the Third Party Offeror for the purchase of any Shares which is in accordance with this Section and to complete the transactions provided for in such Purchase Offer. Such appointment and power of attorney, being coupled with an interest, shall not be revoked or terminated by the insolvency, bankruptcy or incapacity of such Shareholder and such Shareholder hereby ratifies and confirms and agrees to ratify and confirm all that the Offeror may lawfully do or cause to be done by virtue thereof.

6.9 Piggy-Back Rights.

- (a) If, at any time, an Offeror which owns more than 70% of the issued and outstanding Shares of the Company receives a bona fide Third Party Offer from a Third Party Offeror to purchase all of the Shares held by or on behalf of the Offeror, the Offeror shall not accept such Third Party Offer unless:
 - (i) the Board has approved the Third Party Offer by at least two-thirds of the votes eligible to be cast;
 - (ii) the Initial Shareholders have provided written approval of the Third Party Offer;
 - (iii) the Third Party Offeror has agreed to purchase from the Other Shareholders all of the Shares held by or for the benefit of the Other Shareholders, for the same price per Share and on the same terms and conditions as set out in the Third Party Offer;
 - (iv) the Offeror has delivered to the Other Shareholders a copy of such Third Party Offer and a notice in writing (the "**Piggy-Back Notice**") specifying that the Offeror is prepared to accept such Third Party Offer; and
 - (v) if the Other Shareholders elect to sell their Shares to the Third Party Offeror pursuant to Section 6.9(b)(i), the Third Party Offeror has executed such agreements or documents reasonably acceptable to the Other Shareholders to reflect the agreement referred to in Section 6.9(a)(i).

- (b) Following receipt by the Other Shareholders of a Piggy-Back Notice, each of the Other Shareholders shall have the right, exercisable within 30 days from the date of its receipt of the Piggy-Back Notice, to notify the Offeror in writing:
 - (i) that the Other Shareholder is electing to sell its Shares to the Third Party Offeror at the same price per Share and on the same terms and conditions set out in the Third Party Offer (each an "**Electing Shareholder**"); or
 - (ii) that the Other Shareholder is electing not to sell its Shares to the Third Party Offeror.
- (c) If any of the Other Shareholders does not notify the Offeror in writing within the period of 30 days provided in Section 6.9(b) of the election by the Other Shareholder to sell its Shares to the Third Party Offeror pursuant to Section 6.9(b)(i), the Other Shareholder shall be deemed to have elected not to sell its Shares to the Third Party Offeror.
- (d) Provided that the Offeror has complied with Section 6.9(a), and provided that all of the Other Shareholders are Electing Shareholders, following the expiration of the 30-day period referred to in Section 6.9(b), the Offeror and the Electing Shareholders may, for 30 days thereafter, sell their Shares to the Third Party Offeror (or its nominee), at the same price per Share and on the same terms and conditions as set out in the Third Party Offer.
- (e) The Offeror and the Electing Shareholders shall not sell all their Shares pursuant to Section 6.9(d) to any person other than the Third Party Offeror (or its nominee) or at any price or on terms different from those set out in the Third Party Offer.
- (f) If any of the Other Shareholders elects not to sell its Shares to the Third Party Offeror pursuant to Section 6.9(b)(ii) or Section 6.9(c), it is deemed to have elected not to sell its Shares to the Third Party Offeror and the Offeror and the Electing Shareholders may sell their Shares to the Third Party Offeror.

6.10 Pro-Rata Pre-emptive Right. Each time the Company proposes to allot, issue or sell any Equity Securities, the Company shall first offer (the "**Offer**") to each Shareholder its pro rata share of such Equity Securities (together the "**New Securities**") on the following basis:

- (a) Pro Rata Portions. The number of Equity Securities a particular Shareholder shall be offered and may purchase shall be determined by the following formula:

$$\begin{array}{l} \text{Number of} \\ \text{Equity} \\ \text{Securities} \\ \text{which the} \end{array} = \begin{array}{l} \text{Number of Shares held by the} \\ \text{Shareholder immediately prior to the} \\ \text{Offer of New Securities (calculated on a} \\ \text{Fully Diluted Basis)} \end{array} \times \begin{array}{l} \text{Total Number of} \\ \text{Equity Securities} \\ \text{being offered} \end{array}$$

Shareholder
shall be offered
and may
purchase

Number of Shares held by all
Shareholders immediately prior to the
Offer of New Securities (calculated on a
Fully Diluted Basis)

- (b) Notice of Offer. Each offer of New Securities shall be made by written notice to the Shareholders specifying: (i) the total number and class of Equity Securities offered; (ii) the Shareholders pro rata portion thereof as determined by the formula in (a) above; (iii) the price at which the Equity Securities are being offered; (iv) any other terms and conditions applicable to the Offer not set out in this Section 6.10(b); and (v) that Shareholder shall have 14 days (the "**Acceptance Period**") following receipt of the notice to accept the offer of New Securities.
- (c) Acceptance. Acceptance of an offer of New Securities shall be made by notice in writing to the Company within the Acceptance Period specifying the number of New Securities up to the pro rata number determined above the Shareholder wishes to purchase. The Shareholder may also specify in such notice an additional number of the New Securities ("**Additional Amounts**") that the Shareholder is prepared to purchase if any of the other Shareholders fails to fully accept their offered portion of the New Securities. If a Shareholder does not accept the Offer of New Securities before expiration of the Acceptance Period, then such Shareholder shall be deemed to have refused the Offer. Additionally, if all the Shareholders notify the Company in writing that they accept or decline the Offer of New Securities before the end of the Period, then the Period shall be deemed to have ended on the date the last such notice is received by the Company.
- (d) Sale to Third Party. The Company shall be entitled to allot, issue or sell the balance of any of the New Securities which are not purchased by the Shareholders upon completion of the above process to any Person(s), provided that such allotment, issuance or sale: (i) shall not be effected at a price which is less than the price or on terms and conditions which are more favourable (from the purchaser's perspective) than those set forth in the written notice to the Shareholders concerning the New Securities; and (ii) shall be effected within a three (3) month period following the expiration of the Acceptance Period, after which period has expired, the Company shall comply with this Section 6.10 before offering Equity Securities to any Person.

6.11 Permitted Non-Pro rata Offerings. Subject to special rights and restrictions attaching to any Shares, the Company may directly allot, issue or sell Equity Securities without complying with Section 6.10 in the circumstances where the Equity Securities are being issued:

- (i) Stock Option Plan. the Shares are being issued pursuant to a duly approved grant or exercise of options under the Company's stock option

plan then in effect, in any, or otherwise issued to officers, directors, employees and consultants;

- (ii) Subdivision etc. pursuant to or otherwise issued to officer, directors, employees or consultants of the Company;
- (iii) Conversion etc. in accordance with the special rights and restrictions attached to Shares;
- (iv) Convertible Securities pursuant to the rights attaching to Equity Securities which were issued in accordance with Section 6.10; or
- (v) Acquisition / Strategic Issuance. in connection with bona fide acquisition transactions in connection with strategic collaboration, development agreements or licensing transactions, the terms of which are approved by the Board.

7. TRANSFER OF SHARES ON DEATH

7.1 Mandatory Sale. Upon the death of a Shareholder or the Representative of the Shareholder (as the case may be, the “**Deceased**”), the personal representative of the Deceased (the “**Personal Representative**”) shall at the option of the Company, either:

- (a) sell its Shares (in this Section 7, the “**Subject Interest**”) to the other Shareholders;
- (b) sell the Subject Interest to the Company (subject to any restrictions which may be imposed by law); or
- (c) sell part of the Subject Interest to the other Shareholders and sell the balance of the Subject Interest to the Company (subject to any restrictions which may be imposed by law);

for a Purchase Price equal to the Fair Market Value of the Subject Interest within 90 days of the Date.

7.2 Indebtedness. In the event that the estate of the Deceased is indebted to the Company, the remaining Shareholders shall have the right to satisfy such indebtedness out of any monies payable to the estate of the Deceased.

8. FAIR MARKET VALUE

8.1 Determination of Fair Market Value.

- (a) Where, pursuant to the provisions this Agreement, a determination of the fair market value of Shares (the “**Fair Market Value**”) is required to be made (in this Section 8.1 referred to as the “**Subject Interest**”), a Shareholder may give written notice to the other Shareholders requesting that the Shareholders forthwith meet

and attempt in good faith to agree upon the fair market value of the Subject Interest. In the event that all of the Shareholders are able to reach agreement on the fair market value of the Subject Interest, such agreed value shall be deemed to be the fair market value of the Subject Interest for the purposes of this Agreement.

- (b) In the event that the Shareholders are for any reason unable to reach agreement on the fair market value of the Subject Interest within 14 days of the delivery of the notice referred to in Section 8.1(a), then the Shareholders shall forthwith meet for the purposes of identifying and retaining a valuator (the "**First Valuator**") for the purpose of determining the fair market value of the Subject Interest. Unless otherwise unanimously agreed by the Shareholders, the First Valuator shall be an accountant practising with an independent national accounting firm who has at least five years' experience in valuing businesses and is accredited as a chartered business valuator.
- (c) The First Valuator shall prepare and deliver to each of the Shareholders a written report (the "**First Valuation Report**") setting out its valuation of the Subject Interest as soon as possible, and in any event within 45 days after being retained.
- (d) Any Shareholder may within 30 days of its receipt of the First Valuation Report provide written notice to the other Shareholders advising that it wishes to have a second Valuation of the Subject Interest undertaken. If no such notice is given, the First Valuation Report shall be final and binding on the parties. If such notice is given the Shareholders shall forthwith meet for the purposes of identifying and retaining a second valuator (the "**Second Valuator**") for the purpose of preparing a second Valuation of the Subject Interest. The Second Valuator shall be an accountant practising with a national accounting firm other than the Auditors and who has the experience and credentials referred to in Section 8.1(b).
- (e) The Second Valuator shall prepare and deliver to each of the Shareholders a written report (the "**Second Valuation Report**") setting out its Valuation of the Subject Interest as soon as possible and, in any event, within 45 days after being retained. Where a Second Valuation Report has been prepared, the fair market value of the Subject Interest for the purposes of this Agreement shall be equal to the average of the fair market values of the Subject Interest as set out in the First Valuation Report and the Second Valuation Report.
- (f) The Company and each of the Shareholders shall make available to the First Valuator and the Second Valuator all books, records and other data and information in their possession or control as the First Valuator or Second Valuator may reasonably require for the purposes of its valuation.
- (g) In determining the fair market value of the Subject Interest under this Section 8.1, the First Valuator and the Second Valuator may apply such principles of valuation as each considers appropriate in the circumstances provided that:

- (i) there shall be no premium for a control position or discount for a minority position;
 - (ii) Insurance Proceeds shall not be taken into account in determining the value of the Subject Interest;
 - (iii) the fair market value of any Shareholder Loans shall not be discounted by reason only of the fact that such Loans are not demand loans and may not bear interest; and
 - (iv) the Company shall be valued on a going-concern basis.
- (h) The Company shall pay all fees and expenses charged by the First Valuator for preparing the First Valuation Report. The Company shall pay all fees and expenses charged by the Second Valuator for preparing the Second Valuation Report, unless the Valuation contained in the Second Valuation Report is within 10% of the Valuation contained in the First Valuation Report, in which case the Shareholder(s) who request the Second Valuation shall pay all fees and expenses charged by the Second Valuator for preparing the Second Valuation Report.
- (i) The First Valuator and the Second Valuator shall be entitled to retain such qualified independent appraisers as each may deem appropriate to assist with its valuation.

9. CLOSING PROCEDURES

9.1 Closing Terms. Except as otherwise provided in this Agreement, the closing of any purchase and sale of Shares to be effected pursuant to any provision of this Agreement shall be governed by the closing arrangements set out in the offer, notice or other document initiating the purchase and sale. If such offer, notice or other document omits a necessary term or arrangement, the provisions of Section 9 will apply, *mutatis mutandis*, to the extent not inconsistent with the offer, notice or other document or this Agreement. Unless otherwise specified in this Agreement or mutually agreed between the parties thereto, the closing shall take place at the registered office of the Company at a date and time that is mutually acceptable to the parties involved, or, if no date and time for closing are so agreed upon, the time for closing shall be 11:00 a.m. (Vancouver time) (in either case, the "**Time of Closing**") on the 15th Business Day after the acceptance or deemed acceptance of the offer, delivery of the notice, or the expiry of the notice period, as appropriate.

9.2 Payment and Delivery. Except as otherwise specified in this Agreement and subject to Section 9.3 below, at the Time of Closing of any purchase and sale of Shares (the "**Purchased Interest**"), the purchaser of the Purchased Interest (the "**Purchaser**") shall deliver to the seller of the Purchased Interest (the "**Seller**") the consideration required to be paid therefor (the "**Purchase Price**"). At the Time of Closing:

- (a) the Seller shall deliver or cause to be delivered to the Purchaser the certificates representing the purchased Shares, duly endorsed by the Seller for transfer or

accompanied by appropriate transfers duly executed by the Seller, together with a representation and warranty executed by the Seller in favour of the Purchaser that such purchased Shares are owned of record and beneficially by the Seller with a good and marketable title thereto, free and clear of any mortgage, lien, charge, pledge, hypothecation, security interest, restriction, covenant, right, demand, adverse claim or other encumbrance of any kind; and

- (b) the Purchaser shall deliver to the Seller a certified cheque or bank draft payable to or to order of the Seller in payment of the Purchase Price.

9.3 Instalment Payment of Purchase Price. The Purchaser of the Purchased Interest, exercising their rights pursuant to Sections 6.4, 7.1 and 10.3 of this Agreement, may elect to pay the Purchase Price to the Seller over a period of 12 months commencing from the Time of Closing in 4 equal quarterly instalments of principal together with 5% interest on the total Purchase Price (the "**Outstanding Amount**"). At the Time of Closing:

- (a) the Seller shall deliver or cause to be delivered to the Purchaser the certificates representing the Purchased Interest, duly endorsed by the Seller for transfer or accompanied by appropriate transfers duly executed by the Seller, together with a representation and warranty executed by the Seller in favour of the Purchaser that the Purchased Interest are owned of record and beneficially by the Seller with a good and marketable title thereto, free and clear of any mortgage, lien, charge, pledge, hypothecation, security interest, restriction, covenant, right, demand, adverse claim or other encumbrance of any kind; and
- (b) the Purchaser shall deliver, pursuant to Section 9.4, to the Seller, the promissory note and other security for the Outstanding Amount.

9.4 Security for Balance of Purchase Price. Where, pursuant to any provision of this Agreement, the Purchase Price to be paid for the purchase and sale of the Purchased Interest is not to be paid full at the Time of Closing, the Purchaser shall, as security for the Outstanding Amount, deliver to the Seller at the Time of Closing the following:

- (a) a promissory note in form reasonably satisfactory to the Seller evidencing the Outstanding Amount;
- (b) an escrow agreement in form reasonably satisfactory to the Seller providing that the new share certificates issued to the Purchaser which represent the Shares transferred by the Seller are to be endorsed in blank and held in escrow by the Seller's solicitors; and
- (c) subject to obtaining any required consents from the existing lenders of the Company and compliance with the Act, a general security agreement, in form reasonably satisfactory to the Seller granting a charge over the Purchased Interest, provided that the Seller shall agree to subordinate and postpone such security to all existing and future security granted by the Company to its chartered bank or other institutional lender and to execute all such documents as are necessary to give effect to such subordination and postponement.

- 9.5 Default of Seller.** If the Seller is not present at the place of closing at the Time of Closing, or is present but fails for any reason whatsoever to comply with Section 9.2 or any other relevant requirements hereof, in addition to and without limitation to any other rights it may have at law, the Purchaser may make payment of the amount payable pursuant to Section 9.2(b) by depositing such amount into a special account at a branch of the Company's bankers for the account of the Seller. Such deposit shall constitute valid and effective payment of such amount to the Seller, even though the Seller has voluntarily encumbered or disposed of any of the Purchased Interest to be sold and notwithstanding the fact that a certificate or certificates representing any Purchased Interest may have been delivered to any pledge, transferee or other person.
- 9.6 Sale Effective.** If the required amount is deposited pursuant to Section 9.3 into a special account at a branch of the Company's bankers for the account of the Seller, then from and after the date of such deposit and even though the Purchased Interest has not been delivered to the Purchaser, the purchase and sale of the Purchased Interest shall be deemed to have been fully completed and all right, title, benefit and interest, both at law and in equity, in and to the Purchased Interest shall conclusively be deemed to have been transferred and assigned to and become vested in the Purchaser and all right, title, benefit and interest, both at law and in equity, of the Seller or of any transferee, assignee or other person having any interest, legal or equitable, therein or thereto, as shareholder of the Company, shall cease and determine; provided, however, that the Seller shall be entitled to receive the amount so deposited together with interest, if any, earned thereon in the special account, less any amounts reasonably withheld to deal with any encumbrance on the Shares.
- 9.7 Consent to Transfer.** Each of the Shareholders hereby irrevocably consents to any transfer of Shares made pursuant to the provisions of this Agreement.
- 9.8 Entitlement to Purchase Price.** The Seller shall be entitled to receive the amount deposited with the bankers of the Company pursuant to Section 9.3, less any amounts reasonably withheld to deal with any encumbrance on the Shares, on delivery to the Purchaser of the documents required by Section 9.2 and compliance with any other relevant requirements of this Agreement.
- 9.9 Remedies.** In addition to and without limiting any remedy that may be available at law or in equity to the Seller, in the event that a Person who is obligated to purchase an Shares in accordance with this Agreement defaults in the performance of its obligation to complete such purchase, the Seller may, at its option, by notice in writing to the defaulting Person, terminate all its obligations relating to such purchase and, upon the giving of such notice in accordance with the provisions of this Section 9.9, such obligations shall be terminated without prejudice to the continued effectiveness of this Agreement.
- 9.10 Outgoing Shareholder Must Resign as Director and Officer.** Any Shareholder all of whose Shares is purchased pursuant to a provision of this Agreement must, unless otherwise waived by the Board in its sole discretion, resign as a Director and Officer, as applicable, of the Company concurrently with the purchase of the last of his or her

Shares. This Section 7.8 shall apply to the Representative of a Shareholder, *mutatis mutandis*.

10. DEFAULT

10.1 Events of Default. An event of default (a “**Default**”) arises if a Shareholder, or in the case of Sections (a), (b) and (c) below, a Representative of a Shareholder (a “**Defaulting Shareholder**”):

- (a) fails to observe, perform or carry out any of its obligations under this Agreement and such failure continues for 30 days after any Shareholder not in default (the “**Nondefaulting Shareholder**” individually and the “**Nondefaulting Shareholders**” collectively) gives a written notice of such default to the Defaulting Shareholder and the Company, which notice shall set out particulars of the Default and demand that the Default be cured;
- (b) fails to take reasonable actions to prevent or defend assiduously any action, proceeding, seizure, execution or attachment which claims possession, sale, foreclosure, the appointment of a receiver or receiver-manager or forfeiture or termination of or against, any of the Shares of the Defaulting Shareholder, and such failure continues for 30 days after a Nondefaulting Shareholder has in writing demanded that such actions be taken or the Defaulting Shareholder fails to defend successfully any such action, proceeding, seizure, execution or attachment;
- (c) commits or is the subject of an Insolvency Event; or
- (d) ceases to be controlled, directly or indirectly, by the Representative of such Shareholder, other than as a result of the death of such person,

in each case, as determined by the Board.

10.2 Remedies. If a Default occurs under Section 10.1, any one or more of the Nondefaulting Shareholders may:

- (a) pursue any remedy available in law or in equity, each Shareholder and Representative acknowledging that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a Default;
- (b) take all actions in their own name or in the name of the Defaulting Shareholder or the Defaulting Shareholder’s Representative, or both, as may reasonably be required to cure the Default, and all payments, costs and expenses incurred by the Nondefaulting Shareholder(s) shall be payable by the Defaulting Shareholder to the Nondefaulting Shareholder(s) on demand with interest at the prime rate of the Company’s chartered bank or institutional lender plus 2% per annum;
- (c) implement the buy-sell procedure set out in Section 10.3 by notifying the Company of the Default, the name of the Defaulting Shareholder and the

Nondefaulting Shareholder's election to implement such procedure (the "Notice of Default"); and/or

- (d) waive the Default, provided that any waiver of a particular Default shall only be effective if it is in writing, signed by the Nondefaulting Shareholder(s), shall not operate as a waiver of any subsequent or continuing Default, and shall not be binding upon, or limit the remedies available to, any Nondefaulting Shareholder who has not signed such waiver.

10.3 Buy-Sell Procedure on Default. In the event the buy-sell procedure in this Section 10.3 is implemented pursuant to Section 10.2(c), the Defaulting Shareholder shall be deemed to offer to sell (the "Offer") to the Company and the Non-Defaulting Shareholder(s) all, but not less than all, of its Shares on the following terms and conditions:

- (a) the Purchase Price payable shall be in an amount equal to the Fair Market Value of the Defaulting Shareholder's Shares minus a discount of fifty percent (50%);
- (b) upon receipt of the Notice of Default, the President of the Company shall forthwith:
 - (i) transmit the Notice of Default and Offer to the Board;
 - (ii) transmit the Notice of Default and Offer to each of the Nondefaulting Shareholder(s); and
 - (iii) call a meeting of the Board to consider the Offer;
- (c) the Company shall have the first right to accept the Offer and, to the extent that it is accepted, the Nondefaulting Shareholder(s) agree to refuse any pro rata offer by the Company to purchase the Defaulting Shareholder's Shares which is required to be made by the Company under the Act, the Constatting Documents or this Agreement;
- (d) if the Offer is not wholly accepted by the Company within 30 days after the date of the Notice of Default:
 - (i) the President of the Company shall advise the Nondefaulting Shareholder(s) of the extent to which the Offer is still open, forthwith upon the expiration of the aforesaid 30-day period;
 - (ii) that portion of the Offer not accepted by the Company shall be open for acceptance within the next 14 days by the Nondefaulting Shareholder(s) pro rata in accordance with their respective shareholdings in the Company;
 - (iii) acceptance by the Nondefaulting Shareholder(s) of the Offer shall be by notice to the President of the Company and by such acceptance a Nondefaulting Shareholder may specify any additional portion of the Shares offered for sale that such Nondefaulting Shareholder is prepared to

purchase in the event that any of the other Nondefaulting Shareholder(s) fails to accept such Offer, and if any of the other Nondefaulting Shareholder(s) fails to accept such Offer, such Nondefaulting Shareholder (pro rata if more than one) shall be entitled to purchase such additional portion of the Shares as shall be so available;

- (iv) the President of the Company shall advise each of the Directors of the Company of the extent to which the Offer is still open forthwith upon the expiration of the aforesaid 14-day period;
- (e) after compliance with Section 10.3(d), to the extent the Offer has not been accepted, the Company shall be deemed to accept the Offer with respect to such portion of the Shares as shall then be available; and
- (f) upon the acceptance of the Offer, a binding contract of purchase and sale for the Shares of the Defaulting Shareholder shall be deemed to be formed between the Defaulting Shareholder and the Company and/or the Nondefaulting Shareholder(s), as the case may be, on the terms and conditions set out in the Offer and this Agreement, which contract shall be completed in the manner provided in Section 9.

10.4 Monies Held. If, and so long as, a Shareholder is a Defaulting Shareholder, all monies payable to that Defaulting Shareholder by the Company by way of dividends, repayment of loans or other distributions shall be held by the Company until such time as the Shareholder is no longer a Defaulting Shareholder.

11. NON-COMPETITION AND CONFIDENTIALITY

11.1 Non- Competition. The Shareholders each acknowledge that as a shareholder of the Company, so long as a Shareholder owns any Shares and for a period of [10] years after the Shareholder ceases to own any Shares, neither the Shareholder nor its Representative shall, subject to Section 11.2 below, either individually or in partnership, whether by way of trust, agency or otherwise, jointly or in connection with any person or persons, including without limitation any individual, firm, association, syndicate, company, corporation or other business enterprise, as principal, agent, shareholder, director, officer, employee or in any other manner whatsoever:

- (a) 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 or its Representative's name to be used or employed by any individual, firm, syndicate, corporation or other business enterprise engaged in or concerned with any business which:
 - (i) is similar to or competitive with any business which is being carried on by the Company during the time the Shareholder owns any Shares or any business which is being carried on by the Company at the date the Shareholder ceased to own any Shares; and

- (ii) is within a geographic area where the Company carries on business while the Shareholder owns any Shares or of any place where the Company is carrying on business as at the date that the Shareholder ceased to own any Shares;
- (b) attempt to solicit any business or customers away from the Company; or
- (c) do any act the probable effect of which would be detrimental to the business of the Company or would be to impair relations between the Company and its customers or employees.

11.2 Exclusion to Non-Competition. The provisions of subsections 11.1(a), 11.1(b) and 11.1(c) shall not apply to a Shareholder where the Shares of such Shareholder have been purchased pursuant to the provisions of Section 6.5.

11.3 Confidentiality. The Shareholders each acknowledge that as a shareholder of the Company, they may acquire access to information or material relating to the Company or its business which is not generally available, known or used by others, whether or not the underlying details are in the public domain, including without limitation, any financial, proprietary or trade secret or other confidential information of the Company. The Shareholders each agree to hold such information and materials confidential to the Company and agree not to use or disclose such information or materials without the prior consent of the Company. This provision will survive the termination of this Agreement.

12. GENERAL PROVISIONS

12.1 Ceasing to be a Shareholder. Upon any Shareholder ceasing, by virtue of the operation of this Agreement, to be the beneficial owner of any Shares, all rights and obligations of such former Shareholder arising under this Agreement and relating to such former Shareholder's Shares, shall be at an end, except such rights and other obligations as such Person may, at the time of ceasing to be a beneficial owner of Shares, have become entitled to enforce or become liable for, as the case may be, and subject as aforesaid, on ceasing to be the beneficial owner of Shares, any such Person shall cease to be regarded as a party to this Agreement.

12.2 Termination and Amendment. Subject to any further agreement between all of the parties hereto to the contrary, this Agreement may be amended or terminated only by written agreement of all Shareholders, except that this Agreement shall terminate upon there being only one Shareholder holding Shares or the Company commits or is the subject of an Insolvency Event.

12.3 Further Assurances. The Shareholders shall execute such further assurances and other documents and instruments and do such further and other things (including without limitation exercise their voting rights attached to the Shares) as may be necessary to implement and carry out the intent of this Agreement.

12.4 Entire Agreement. The provisions herein constitute the entire agreement between the Shareholders and supersede all previous expectations, understandings, communications,