

SHAREHOLDERS' AGREEMENT

HOLDING COMPANIES-CRISS CROSS PURCHASE

[QUÉBEC-ENGLISH]

This specimen agreement addresses issues to be dealt with by business owners as those issues relate to life insurance on the death of a shareholder. It is recognized the main purpose of such an agreement is to codify the many rights and obligations of the parties to the agreement in the context of numerous eventualities. This agreement does not deal with all such eventualities.

This specimen agreement has been prepared to illustrate one type of buy sell arrangement and for the assistance of legal counsel. As an agreement of this nature is an important legal document with serious taxation consequences, it is vital for all parties to be guided by the advice of their legal counsel and/or taxation advisors. Any legal document must be adapted to meet the specific situations for which the agreement is required.

This agreement made the _____ day of _____, 200____.

BETWEEN:

HOLDCO1

(hereinafter referred to as "Holdco1")

a corporation incorporated under the laws of _____ ,

and **HOLDCO2**

(hereinafter referred to as "Holdco2")

a corporation incorporated under the laws of _____ ,

and **OPCO**

(here in after referred to as the "Corporation")

a corporation incorporated under the laws of _____ ,

and **PRINCIPAL1**

(hereinafter referred to as "Principal1")

of the _____

of _____ ,

in the Province of _____ ,

and **PRINCIPAL2**

(hereinafter referred to as "Principal2")

of the _____

of _____ ,

in the Province of _____ ,

WHEREAS Holdco1 and Holdco2 (which parties, together with any other shareholders who become a party to this Agreement, are collectively referred to as the "Shareholders" and individually referred to as a "Shareholder") are the owners of the issued and outstanding shares in the capital stock of the Corporation as set out in Section 3.1 hereof;

AND WHEREAS Principal1 is the owner of all of the issued and outstanding shares in the capital stock of Holdco1 as set out in Section 3.5 hereof and Principal2 is owner of all of the issued and outstanding shares in the capital stock of Holdco2 as set out in Section 3.9 hereof;

AND WHEREAS the parties wish to enter into this Agreement to define their rights as shareholders with respect to the transfer of shares in certain circumstances;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements herein contained and the sum of Five Dollars (\$5.00) now paid by each of the parties hereto to the others (the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto), the parties hereto covenant and agree with each other as follows:

ARTICLE 1- DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Agreement, unless the context otherwise requires, the following words and phrases shall have the following meanings:

- (a) "this Agreement" means this agreement as it may be amended, supplemented or restated from time to time and includes any schedule and any instrument supplemental hereto;
- (b) "Arm's length" has the same meaning as that term is given in the Tax Act;
- (c) "Business Day" means any day other than a Saturday or a Sunday or a statutory or civic holiday in the City/Town of _____, in the Province of _____;
- (d) "Capital Dividend Account" of a corporation shall mean the capital dividend account of the corporation as defined in subsection 89(1) of the Tax Act;
- (e) "Capital Dividend" means a capital dividend as defined in the Tax Act;
- (f) "Common Share" means a Common Share in the capital stock of the Corporation and "Common Shares" means Common Shares in the capital stock of the Corporation and "Common Share" and "Common Shares" include both present and future Common Shares issued by the Corporation;
- (g) "Date of Closing" means the date specified in each of Section 5.4 or 6.5 or such earlier or later date as may be agreed upon by the parties to the subject transaction;
- (h) "Encumbrances" means charges, liens, security interests, mortgages, hypothecs, pledges, claims and encumbrances of every nature and kind whatsoever;
- (i) "Legal Representative" of a Principal includes, for the purposes of Article 7 hereunder, an heir, a particular legatee, an administrator, an executor, a liquidator of a succession, a committee, or any other like person, administering, winding up, controlling or otherwise dealing in a representative or fiduciary capacity with the shares issued by a Shareholder that belong or belonged to, or that is or was held for the benefit of the Principal or his estate;
- (j) "person" includes an individual, a firm, a corporation, a syndicate, a partnership, a trust, an association, a joint venture and any form of incorporated or unincorporated organization or entity and every other legal or business entity whatsoever;
- (k) "Place of Closing" means the registered office of the Corporation or such other place as may be agreed to by the parties to the subject transaction;
- (l) "Prime Rate" means the prime lending rate of interest expressed as a rate per annum that the Corporation's Canadian banker establishes on the day in question as the reference rate of interest in order to determine the interest rates such bank will charge on that date on Canadian Dollar commercial loans in Canada;
- (m) "Principals" means collectively Principal1 with respect to Holdco1 and Principal2 with respect to Holdco2 and "Principal" and "Principal of a Shareholder" means any one of the Principals;
- (n) "Promissory Note" means a promissory note providing that
 - (i) the principal amount owing shall be paid in _____ (_____) equal consecutive monthly/yearly instalments commencing _____ month(s)/year from the Date of Closing of the transaction in respect of which the note was executed and delivered with interest on the unpaid amount from the Time of Closing of such transaction at a rate per annum equal to the Prime Rate plus _____ %,
 - (ii) the interest rate shall be determined at the Date of Closing, and redetermined on each anniversary day thereafter,
 - (iii) interest under the note shall be payable at the same time as the instalment payments of the balance of the principal amount owing,
 - (iv) the maker of the promissory note may, at any time, and from time to time, prepay all or any part of such instalments in reverse order from which they are due and the outstanding interest, without notice or bonus,
 - (v) payments and prepayments shall be applied firstly in reduction of interest and secondly in reduction of principal, and

- (vi) default on any payment of principal or interest, if such default continues for a period of more than thirty (30) days, shall, at the option of the holder of the promissory note, cause the entire balance thereof to mature.
- (o) "Tax Act" shall mean the Income Tax Act R.S.C. 1985, (5th Supplement), c.1;
- (p) "Time of Closing" means _____ a.m./p.m. on the Date of Closing or such earlier or later time on the Date of Closing as may be agreed to by the parties to the subject transaction.

1.2 PAYMENTS

All dollar amounts referred to herein are expressed in terms of Canadian dollars.

1.3 SUBDIVISIONS

The division of this Agreement into articles, sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the interpretation or construction of this Agreement. Any reference to a particular "Article", "Section" or other subdivision or schedule is to the specified Article, Section or other subdivision or schedule of this Agreement unless otherwise expressly stated.

1.4 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of _____ and the laws of Canada applicable therein.

1.5 CONSTRUCTION OF WORDS, ETC.

In this Agreement, words importing the use of any gender shall include all genders and words in the singular shall include the plural and vice versa.

1.6 CALCULATION OF TIME

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 date in calculating such period shall be excluded. If the last day of such period is a not a Business Day, the period in question shall end on the next Business Day. The Shareholders declare that any period of time to accept any offer (to exercise any option) to sell or to acquire any Common Share hereunder is mandatory and that the offeror (the grantor) shall be bound by the offer (the option) if the offeree (grantee) sends a written notice of acceptance (notice of exercise) to the offeror (the grantor) within the period of time stated therein.

1.7 REFERENCES TO STATUTES

Unless otherwise provided, any references herein to any law, by-law, rule, regulation, order or act of any government, governmental body or other regulatory body shall be construed as a reference thereto as amended or re-enacted from time to time or as a reference to any successor thereto.

ARTICLE 2 - TERMINATION OF PRIOR AGREEMENTS

2.1 TERMINATION

All agreements between some or all of the parties hereto to purchase and/or sell any share in the capital stock of Holdco1, Holdco2 and the Corporation, whether written or oral, are hereby terminated.

ARTICLE 3 - SHARE OWNERSHIP

3.1 AUTHORIZED CAPITAL AND SHARES OF THE CORPORATION

The Shareholders acknowledge and agree that the authorized capital of the Corporation consists of an unlimited number of Common Shares, of which the following Common Shares are issued and outstanding as fully-paid and non-assessable to the following parties hereto:

NAME	NUMBER OF SHARES
Holdco1	Common Shares
Holdco2	Common Shares

3.2 ENDORSEMENT OF CERTIFICATES OF THE CORPORATION

All share certificates issued by the Corporation to the Shareholders shall have the following legend imprinted thereon:

"The shares evidenced by this certificate are subject to restrictions on their transfer as contained in a Shareholders' Agreement and in applicable law. A full copy of the text thereof is obtainable on demand and without fee from the Corporation."

3.3 ENDORSEMENT OF CERTIFICATES OF THE CORPORATION

The Shareholders shall submit the certificates representing the Common Shares held by each of them prior to the execution of this Agreement to the Corporation in order that the legend set forth in Section 3.2 hereof may be imprinted thereon.

3.4 REPRESENTATIONS AND WARRANTIES REGARDING COMMON SHARES

Each of the Shareholders hereby represents and warrants to and covenants with each of the other parties that the Common Shares held by such Shareholder are and shall be owned by the said Shareholder and not as nominee of any person and free and clear of all Encumbrances.

3.5 AUTHORIZED CAPITAL AND SHARES OF HOLDCO1

Principal1 hereby represents and warrants to and covenants with each of the other parties that the authorized capital of Holdco1 consists of an unlimited number of common shares of which the following shares in the capital of Holdco1 are issued and outstanding as fully-paid and non-assessable to the following parties hereto:

NAME	NUMBER OF SHARES
Principal1	Common Shares

3.6 ENDORSEMENT OF CERTIFICATES OF HOLDCO1

All share certificates issued by Holdco1 to its shareholders shall have the following legend imprinted thereon:

"The shares evidenced by this certificate are subject to restrictions on their transfer as contained in a Shareholders' Agreement and in applicable law. A full copy of the text thereof is obtainable on demand and without fee from the Corporation."

3.7 ENDORSEMENT OF CERTIFICATES OF HOLDCO1

Principal1 shall submit the certificates representing the common shares in the capital stock of Holdco1 held by him/her prior to the execution of this Agreement to Holdco1 in order that the legend set forth in Section 3.6 hereof may be imprinted thereon.

3.8 REPRESENTATIONS AND WARRANTIES REGARDING HOLDCO1 SHARES

Principal1 hereby represents and warrants to and covenants with each of the other parties that the common shares in the capital stock of Holdco1 held by him/her are and shall be owned by him/her such and not as nominee of any person and free and clear of all Encumbrances.

3.9 AUTHORIZED CAPITAL AND SHARES OF HOLDCO2

Principal2 hereby represents and warrants to and covenants with each of the other parties that the authorized capital of Holdco2 consists of an unlimited number of common shares of which the following shares in the capital of Holdco2 are issued and outstanding as fully?paid and non?assessable to the following parties hereto:

NAME	NUMBER OF SHARES
Principal2	Common Shares

3.10 ENDORSEMENT OF CERTIFICATES OF HOLDCO2

All share certificates issued by Holdco2 to its shareholders shall have the following legend imprinted thereon:

“The shares evidenced by this certificate are subject to restrictions on their transfer as contained in a Shareholders’ Agreement and in applicable law. A full copy of the text thereof is obtainable on demand and without fee from the Corporation.”

3.11 ENDORSEMENT OF CERTIFICATES OF HOLDCO2

Principal2 shall submit the certificates representing the common shares in the capital stock of Holdco2 held by him/her prior to the execution of this Agreement to Holdco2 in order that the legend set forth in Section 3.10 hereof may be imprinted thereon.

3.12 REPRESENTATIONS AND WARRANTIES REGARDING HOLDCO2 SHARES

Principal2 hereby represents and warrants to and covenants with each of the other parties that the common shares in the capital stock of Holdco2 held by him/her are and shall be owned by him/her and not as nominee of any person and free and clear of all Encumbrances.

ARTICLE 4- RESTRICTIONS ON SHARE TRANSFERS

4.1 RESTRICTION ON ISSUANCE OF SHARES OF THE CORPORATION

Except as otherwise provided in this Agreement, the Corporation shall not issue any additional shares or grant any option or other right to acquire additional shares without the prior unanimous written consent of all the Shareholders and without ensuring that any person to whom shares will be issued is or will become a party to this Agreement.

4.2 RESTRICTION ON ISSUANCE OF SHARES OF A SHAREHOLDER

Except as otherwise provided in this Agreement, no Shareholder shall issue any additional shares or grant any option or other right to acquire additional shares without the prior written consent of the other Shareholder and without ensuring that any person to whom shares will be issued is or will become a party to the Agreement.

4.3 RESTRICTIONS ON TRANSFER OF SHARES OF THE CORPORATION

Except as otherwise provided in this Agreement, no Shareholder shall transfer by way of sale, gift or otherwise, or encumber by pledge, assignment, mortgage, hypothec, charge or otherwise, or otherwise dispose of or cease to be the holder of any of the Common Shares of which such Shareholder is at any time the registered holder or owner, without the prior written consent of the other Shareholder.

4.4 BECOMING A PARTY OR PERMITTED TRANSFER OF COMMON SHARES

In the case of any permitted transfer of Common Shares, no Shareholder shall transfer any of its Common Shares unless the transferee is already or becomes a party to this Agreement upon completion of the applicable transaction.

4.5 RESTRICTION ON TRANSFER OF SHARES OF A SHAREHOLDER

Except as otherwise provided in this Agreement, no shareholder of a Shareholder shall transfer by way of sale, gift or otherwise, or encumber by pledge, assignment, mortgage, hypothec, charge or otherwise, or otherwise dispose of or cease to be the holder of any of the shares in the capital of such Shareholder of which such shareholder is at any time the registered holder or owner without the prior written consent of the other Shareholder.

4.6 BECOMING A PARTY ON PERMITTED TRANSFER OF SHARES

In the case of any permitted transfer of shares in the capital of a Shareholder, no such transfer shall be permitted unless the transferee is already or becomes a party to this Agreement upon completion of the applicable transaction.

4.7 RECORDS EXAMINATION

Each Shareholder and its Principal or their duly authorized representatives, shall have the right at all times and from time to time during normal business hours upon _____ hours prior notice to the other Shareholder, to examine the minute book and other corporate records of the other Shareholder to ensure compliance by such Shareholder and its Principal with the provisions of Article 4 hereof and each Shareholder and its Principal shall do all such acts and things as may reasonably be required to ensure that free access to such books and records are provided or available to the other Shareholder, its Principal and their representatives.

ARTICLE 5 - RIGHT OF FIRST REFUSAL

5.1 RECEIPT OF OFFER

If a Shareholder (hereinafter referred to in this Article as the "Offeror") receives a bona fide offer (hereinafter referred to in this Article as the "Initial Offer") from any person (hereinafter referred to in this Article as the "Third Party") dealing at Arm's length with the Offeror, to purchase all of the Common Shares owned by the Offeror, which is acceptable to the Offeror, the Offeror shall send a true copy of the Initial Offer and a notice (hereinafter referred to in this Article as the "Subsequent Offer") to the other Shareholder offering to sell such shares (such shares being hereinafter referred to in this Article as the "Purchased Shares") to the other Shareholder (hereinafter referred to in this Article as the "Offeree") on the same terms and conditions (including, without limitation, the purchase price) as are contained in the Initial Offer. The Offeree shall be entitled to accept the Subsequent Offer within _____ (_____) days from the date upon which such notice was received by the Offeree.

5.2 ACCEPTANCE OF SUBSEQUENT OFFER

If the Subsequent Offer is accepted by the Offeree within the time period provided in Section 5.1, the Offeror shall sell and the Offeree shall purchase the Purchased Shares on the terms and conditions contained in the Subsequent Offer.

5.3 NON-ACCEPTANCE OF SUBSEQUENT OFFER

If, during the time period provided in Section 5.1, the Offeree shall not have accepted the Subsequent Offer, then the Offeror shall be entitled to sell the Purchased Shares in accordance with the Initial Offer, provided that the transaction is completed not later than _____ (_____) days following the last day on which the Offeree is entitled to accept the Subsequent Offer. The Offeree shall be entitled to require proof that the sale took place in accordance with the Initial Offer.

5.4 CLOSING

The closing of any transaction of purchase and sale made pursuant to the Subsequent Offer shall take place at the Place of Closing on the date (the "Date of Closing") which is which is _____ (_____) days after the acceptance of the Subsequent Offer.

ARTICLE 6 - SURVIVORSHIP ARRANGEMENTS

6.1 DEATH

In the event of the death of a Principal (hereinafter referred to in this Article as the "Deceased"), the Shareholder whose Principal was the Deceased (such Shareholder being hereinafter referred to as the "Selling Shareholder") shall be obligated to sell to the other Shareholder (hereinafter referred to in this Article as the "Purchasing Shareholder") and the Purchasing Shareholder shall be obligated to purchase from the Selling Shareholder, all of the Common Shares owned by the Selling Shareholder as at the date of death of the Deceased, free and clear of all Encumbrances, upon the terms and conditions hereinafter set forth.

6.2 PURCHASE PRICE

The purchase price (hereinafter referred to in this Article as the "Purchase Price") for the Common Shares to be purchased and sold under this Article shall be determined in accordance with the provisions of Article 8. The Purchase Price shall be paid and satisfied by the execution and delivery to the Selling Shareholder at the Time of Closing of a Promissory Note payable to or to the order of the Selling Shareholder in the principal amount equal to the Purchase Price.

6.3 CAPITAL DIVIDEND

Forthwith following the Time of Closing of the transaction of purchase and sale contemplated in this Article and the receipt by the Corporation of all the insurance proceeds payable as a result of the death of the Deceased under the life insurance policies subject to this Agreement, the Corporation shall forthwith declare and pay using those insurance proceeds a dividend on the Common Shares (which shares shall be held by the Purchasing Shareholder) equal to the amount credited to the Capital Dividend Account of the Corporation as a result of the receipt by the Corporation of such insurance proceeds and do such acts and things, including , without limiting the generality of the foregoing, making such elections, as may be necessary or desirable to treat such dividend as a Capital Dividend.

6.4 PAYMENT BY PURCHASING SHAREHOLDER

The Purchasing Shareholder shall immediately pay the amount received as a Capital Dividend from the Corporation to the Selling Shareholder on account of the balance outstanding on the Promissory Note.

6.5 CLOSING

The transaction of purchase and sale contemplated in this Article shall take place at the Place of Closing on the date (the "Date of Closing") which shall be the later of,

- (a) the date that is _____ (_____) days following the date on which all of the Common Shares owned by the Selling Shareholder as at the date of death of the Deceased are subject to obligations to be purchased and sold; and
- (b) the date that is _____ (_____) days following the date on which the purchase price for such Common Shares is finally determined in accordance with Article 8.

ARTICLE 7 - LIFE INSURANCE

7.1 COLLECTION OF PROCEEDS ON DEATH

Upon the death of a Principal, the Corporation shall proceed immediately to collect the insurance proceeds payable to the Corporation as a result of the death under all life insurance policies subject to this Agreement. Upon receipt of the said proceeds of insurance, the Corporation shall immediately advise the Legal Representative of the Deceased, the surviving Principal and the Shareholders of such receipt.

7.2 PURCHASE

The Shareholders and the Principals hereby acknowledge that, in order to ensure that sufficient funds will be available to fund the purchase of Common Shares upon the death of a Principal, the Corporation has applied for a Perspecta Universal Life Insurance Policy on the life of each of the Principals from The Standard Life Assurance Company. The Corporation may, from time to time, purchase such additional life insurance coverage on the life of a Principal as the Principals, the Shareholders and the Corporation consider necessary or advisable to provide funds to purchase Common Shares in the event of the death of a Principal. All life insurance policies acquired to provide such funding shall be listed in Schedule "A" hereto and shall be subject to the provisions of this Agreement.

7.3 OWNERSHIP AND MAINTENANCE OF POLICIES

The Corporation shall ensure that the life insurance policies subject to this Agreement are at all times in good standing and in full force and effect, shall at all times be the policy owner of each such policy, shall be entitled at all times to receive the insurance proceeds payable on the death of a Principal under such policies and shall not, except as permitted under this Agreement or done with the consent of all the Shareholders, assign, transfer, dispose of, surrender, borrow against or upon, pledge, hypothec, in any way encumber or exercise any right of ownership in respect of, or otherwise deal in any manner whatever with such policies.

7.4 PREMIUMS

The Corporation shall pay each premium as such premium becomes due under each of the life insurance policies subject to this Agreement. If requested by a Shareholder or Principal, the Corporation shall provide such Shareholder or Principal with proof of payment of any premium. If the Corporation fails to pay all or part of any premium under a life insurance policy subject to this Agreement within _____ (_____) days of the due date, a Shareholder or the life insured under such policy shall have the right to pay the unpaid premium or portion thereof and to be reimbursed by the Corporation.

7.5 ASSISTANCE

The Shareholders and the Principals shall do all things that may be necessary or desirable (including, without limiting the generality of the foregoing, the taking of such medical examinations and tests by the Principals as may be requested by the life insurer from whom the insurance will be acquired) to assist the Corporation in connection with acquiring life insurance coverage for the purposes of this Agreement or replacing, converting or dealing in any manner whatever with any life insurance policy subject to this Agreement.

7.6 EXCESS INSURANCE PROCEEDS RECEIVED

Any insurance proceeds received by the Corporation under life insurance policies subject to this Agreement in excess of the amount necessary to complete the purchase and sale of Common Shares as provided for in Article 6 shall be retained by the Corporation.

7.7 TERMINATION

In the event that this Agreement terminates, each Shareholder (hereinafter referred to in this Section as the "Acquirer") shall have the option to acquire absolutely each life insurance policy on the life of the Acquirer's Principal that is subject to this Agreement from the Corporation within _____ (_____) days of the termination. The purchase price for each such policy shall be equal to the greater of such policy's cash surrender value at the time of the transfer (net of any outstanding policy loans) and the sum of \$1.00. Upon payment of the purchase price by the Acquirer for the policy, the Corporation shall immediately transfer and assign such policy to the Acquirer and if the policy is in the possession of the Corporation, shall deliver the same to the Acquirer. If an Acquirer directs by notice to the Corporation and the other Shareholder within _____ (_____) days of the termination, the Acquirer's Principal shall have the right to purchase each such policy on such Principal's life on the aforesaid terms and conditions.

ARTICLE 8 - VALUATION

8.1 VALUATION

Upon the occurrence of an event giving rise to the purchase and sale of the Common Shares under Article 6, the Corporation and the Shareholders shall cause the accountants of the Corporation (hereinafter referred to as the "Valuator") to determine the fair market value of the Common Shares. The fair market value arrived at by the Valuator shall be binding upon all of the parties hereto. The fees and disbursements of the Valuator shall be paid by the Corporation.

8.2 VALUATION PRINCIPLES

In determining the fair market value of the Common Shares, the Valuator shall:

- (a) not take account of any premium for control or discount for minority; and
- (b) not take account of the occurrence of the death of a Principal or the imminent possibility of the death of a Principal.

8.3 PURCHASE PRICE OF COMMON SHARES

The purchase price for Common Shares being purchased and sold pursuant to Article 6 shall be equal to the fair market value of all the Common Shares as determined by the Valuator, divided by the number of issued and outstanding Common Shares as of the date of the occurrence of the event giving rise to the purchase and sale of such shares and multiplied by the number of such shares being purchased and sold.

ARTICLE 9 - GENERAL SALE PROVISIONS

9.1 APPLICATION OF ARTICLE

Except as may be otherwise provided in this Agreement, the provisions of this Article shall apply to any sale of Common Shares pursuant to Article 5 or 6, mutatis mutandis.

9.2 USE OF DEFINED TERMS

For the purpose of this Article, the term "Date of Closing" shall have the meaning attributed to such term in Article 5 or 6, as the case may be. The terms "Vendor" and "Purchaser", as used in this Article, shall respectively mean any person obligated to sell Common Shares and any person obligated to purchase Common Shares pursuant to Article 5 or 6, as the case may be, and the Common Shares to be sold by a Vendor to a Purchaser pursuant to Article 5 or 6, as the case may be, shall be referred to in this Article 9 as the "Purchased Shares".

9.3 VENDOR'S OBLIGATION AT CLOSING

At the Time of Closing, the Vendor shall:

- (a) deliver to the Corporation the signed resignations of the Vendor's nominees as directors, officers and employees of the Corporation, as the case may be;
- (b) assign and transfer the Purchased Shares to the Purchaser and deliver the required share certificate(s) duly endorsed for transfer into the name of such Purchaser;
- (c) do all the things required in order to deliver good and marketable title to the Purchased Shares to the Purchaser, free and clear of all Encumbrances;
- (d) provide the Purchaser with evidence reasonably satisfactory to the Purchaser that the Vendor is not then a "non?resident" of Canada within the meaning of the Tax Act; and
- (e) deliver to the Corporation and the Purchaser a release by the Vendor and the Vendor's nominees in their respective capacities as a director, officer, shareholder and employee of the Corporation of all claims against the Corporation and the Purchaser in their respective capacities as a shareholder, director, officer and employee of the Corporation, except for any claims which might arise out of the transactions of purchase and sale herein contemplated.

9.4 PURCHASER'S OBLIGATIONS AT CLOSING

At the Time of Closing, the Purchaser shall:

- (a) deliver to the Vendor and the Vendor's nominees a release by the Purchaser and the Purchaser's nominees in their respective capacities as a director, officer and shareholder of the Corporation of their respective claims against the Vendor and the Vendor's nominees in their respective capacities as a shareholder, director or officer of the Corporation, except for any claims which may arise out of the transaction of purchase and sale herein contemplated; and
- (b) cause the Corporation to deliver to the Vendor and the Vendor's nominees a release by the Corporation of all its claims against the Vendor or the Vendor's nominees with respect to any matter or thing arising as a result of the Vendor or the Vendor's nominees being a shareholder, director, officer or employee of the Corporation, as the case may be.

ARTICLE 10 - GENERAL CONTRACT PROVISIONS

10.1 TERMINATION

This Agreement shall take effect on the date hereof and shall continue in force until the earlier of (a) the date on which the Agreement is terminated by written agreement of each of the Shareholders, and (b) the date on which there is only one Shareholder.

10.2 FURTHER ASSURANCES

The parties hereto agree to execute all such documents and do all such other acts and things as may be necessary or desirable to more completely and effectively carry out the terms and intention of this Agreement. The Shareholders agree to cause the Corporation to act in the manner contemplated by this Agreement and, to the extent permitted by law, cause the board of directors of the Corporation so to act. Each Principal agrees to cause the Shareholder of which such individual is the Principal to act in the manner contemplated by this Agreement and to the extent permitted by law, cause the Board of Directors of such Shareholder so to act.

10.3 OTHER SHARES OF THE CORPORATION

The parties hereto agree that the provisions of this Agreement relating to Common Shares shall apply mutatis mutandis to any shares or securities into which such Common Shares may be converted, changed, reclassified, redivided, 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 company or corporation to the Corporation which may be received by the parties hereto on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

10.4 OTHER SHARES

The parties hereto agree that the provisions of this Agreement relating to common shares of a Shareholder shall apply mutatis mutandis to any shares or securities into which such common shares may be converted, changed, reclassified, redivided, redesignated, subdivided or consolidated, to any shares or securities of such Shareholder or of any successor or continuing company or corporation to such Shareholder which may be received by the parties hereto on a reorganization, amalgamation, consolidation or merger, statutory or otherwise.

10.5 NOTICES

Any notice or communication required or permitted to be given to any party under this Agreement shall be in writing and may be given by hand delivery to the party or sent by facsimile or by similar means of recorded electronic communication or by mailing the same by prepaid registered mail, return receipt requested (except as otherwise specifically provided), addressed as follows:

- (a) to Holdco1 at: _____
Fax: _____
- (b) to Holdco2 at: _____
Fax: _____
- (c) to the Corporation at: _____
Fax: _____
- (d) to the Principal1 at: _____
Fax: _____
- (e) to the Principal2 at: _____
Fax: _____

Any such notice or other communication shall be deemed to have been given and received on the day on which it was delivered or transmitted (or, if such day is not a Business Day, on the next following Business Day) or, if mailed, on the fifth day following the date of mailing; provided, however, that if at the time of mailing or within three days thereafter there is or occurs a labour dispute or other event that might reasonably be expected to disrupt the delivery of documents by mail, any notice or other communication hereunder shall be hand delivered or transmitted by means of recorded electronic communication as aforesaid.

Any party may at any time change such party's address for receiving any notice or other communication from time to time by giving notice to the other parties in accordance with this section.

10.6 TIME OF THE ESSENCE

Time shall be of the essence of this Agreement and every part hereof and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.7 ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties hereto with respect to all of the matters herein and shall not be modified or amended or assigned except with the consent in writing of all the parties hereto.

10.8 BINDING EFFECT

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

10.9 TELEFAX/COUNTERPARTS

This Agreement may be executed by telefax or in one or more counterparts, each of which when so executed shall constitute an original and all of which together shall constitute one and the same instrument.

10.10 ACKNOWLEDGEMENT

Each of the parties hereto acknowledges and agrees that such party has been given the opportunity to obtain independent legal advice in connection with this Agreement and all of its terms.

IN WITNESS WHEREOF the parties have duly executed this Agreement.

SIGNED, SEALED AND DELIVERED

in the presence of:

PRINCIPAL1

PRINCIPAL2

HOLDCO1 Per:

President

HOLDCO2 Per:

President

OPCO Per:

President

Schedule "A"
LIFE INSURANCE

Life Insured Life Insurer Policy No. Insurance Proceeds