



**Two-Brain
Business**



UNANIMOUS SHAREHOLDER AGREEMENT

THIS AGREEMENT, dated as of the .

BETWEEN:

and

and

(Hereinafter referred to as the “**Corporation**”)

RECITALS:

1. The Corporation was incorporated under the Act by articles of incorporation dated ;

1. Each of the Shareholders is the registered and beneficial owner of the number and class of shares in the capital of the Corporation set out opposite such Shareholder’s name below:

Name Number and Class of Shares

Y 25 Common Shares

X 75 Common Shares

and the said shares in the aggregate represent all of the issued and outstanding shares in the capital of the Corporation as at the date of this Agreement;

and X are the sole registered and beneficial shareholders of the Corporation; and

1. The parties to this Agreement desire to enter into certain agreements relating, among other things, to their shareholdings in the Corporation, their rights and duties as Shareholders of the Corporation and the management and operation of the Corporation;

2.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement, the sum of one dollar and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1 INTERPRETATION

1.1 Defined Terms. In addition to the terms otherwise defined in this Agreement, the following terms shall have the meanings set out below:

- (a) “**Act**” means the *Business Corporation Act* (Ontario), and any successor legislation thereto;
- (b) “**Agreement**” means this unanimous shareholder agreement and all schedules attached to this agreement, all as may be supplemented or amended from time to time;
- (c) “**Articles**” means the articles of incorporation of the Corporation dated , as amended from time to time;
- (d) “**Board**” means the board of directors of the Corporation;
- (e) “**Business Day**” means any day other than a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (f) “**By-law**” means any by-law of the Corporation, including without limitation, general By-law No. 1 in the form enacted on (collectively the “**By-laws**”);
- (g) “**Corporation**” means XYZ, Inc. and any successor resulting from any amalgamation, merger, arrangement or other re-organization of or including the Corporation or any continuance of the Corporation under the laws of another jurisdiction;
- (h) “**Directors**” means the directors of the Corporation;
- (i) “**Shareholder**” means any Person who from time to time holds Shares and is bound by the provisions of this Agreement which, at the time of execution of this Agreement, shall mean; and
- (j) “**Shares**” means the common shares in the capital of the Corporation, the rights, privileges, restrictions and conditions attaching to which are described in the Articles.

1.2 **Currency.** All amounts referred to in this Agreement are intended to be in lawful money of Canada unless otherwise specified in this Agreement.

1.3 **Computation of Time Periods.** In this Agreement, in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding” and all references to “day” or “days” shall mean calendar days unless designated as “**Business Days**”.

1.4 **Miscellaneous.** In this Agreement:

(a) unless the context otherwise requires, the singular shall include the plural and vice versa, and in particular the definitions of words and expressions set forth in Article 1.1 shall be applied to such words and expressions when used in either the singular or the plural form;

(b) unless the context otherwise requires, words importing a particular gender shall include the other gender;

(c) unless otherwise indicated, references to Articles, Sections, Subsections or Schedules should be construed as references to the applicable Articles, Sections, Subsections or Schedules;

(d) the division of this Agreement into Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and are not to affect the construction or interpretation of this Agreement;

(e) any reference to a statutory provision shall include that provision as from time-to-time modified or re-enacted providing that in the case of modifications or re-enactments made after the date of this agreement the same shall not have effective substantive change to that provision; and

(f) references to, or to any particular provision of, a document shall be construed as references to that document as amended to the extent permitted by this Agreement and in force at any time.

BUSINESS, ORGANIZATION, MANAGEMENT, GOVERNANCE AND AFFAIRS OF THE CORPORATION

2.1 Business of the Corporation. The Corporation shall carry on the business of academic enrichment and cognitive rehabilitation, or such other business as the parties might unanimously agree (the “**Business**”).

2.2 Unanimous Shareholder Agreement; Restriction on Discretion and Powers of Directors.

(a) Notwithstanding any other provision of this Agreement, the discretion and powers of the Directors to manage the business and affairs of the Corporation, whether such discretion or powers arise under the Act, the Articles or the By-laws, or otherwise, are restricted to the fullest extent permitted by law, and without limiting the generality of the foregoing:

(i) the Directors shall not pass any resolutions affecting the business and affairs of the Corporation except as may be specifically delegated to them from time to time by an instrument in writing duly executed by the Shareholders;

(ii) the Directors shall not exercise any discretionary powers except as may be specifically conferred upon them from time to time by an instrument in writing duly executed by the Shareholders; and

(iii) the Directors may manage, or supervise the management of, the business and affairs of the Corporation to the extent necessary to carry out any duties or exercise any discretion or powers which may be conferred upon the Directors from time to time by an instrument in writing duly executed by the Shareholders.

(b) The Directors are relieved to the fullest extent permitted by law of all duties and liabilities imposed upon them as Directors, whether such duties and limitations arise under the Act, the Articles or the By-laws, or under any law or in any other manner whatsoever, including, without limitation, any liability for wages of employees.

(c) Except to the extent any discretion or power is conferred on the Directors at any time by an instrument in writing duly executed by the Shareholders, at all times the Shareholders shall have full and complete discretion and power to manage, and supervise the management of, the business and affairs of the Corporation to the fullest extent permitted by law, and shall have all the rights, powers, duties and liabilities which the Directors would have had but for this Section of the Agreement.

(d) The rights, powers and duties of the Shareholders shall be exercised to the extent appropriate by an instrument in writing executed by the Shareholders or by a resolution passed by the Shareholders.

2.3 Number and Nomination of Directors. The number of Directors to be elected within the minimum and maximum limits set out in the Articles shall be two, who shall be and .

2.4 Filling Director Vacancies and Replacement of Nominees. The parties agree that while they were alive and mentally competent, that each will be the Directors of the Corporation. If either party becomes mentally incompetent or dies, then the personal representative may nominate another person to the Board of Directors, subject to the other terms and conditions of the within Agreement.

2.5 Election of Directors. The Shareholders shall vote their Shares, otherwise exercise their influence in respect of the Corporation and take all other action that may be required to ensure that the Board shall be constituted at all times with the persons nominated from time to time in accordance with this Agreement.

2.6 Casting Vote. If at any meeting of the Directors the total number of votes is equal and the matter cannot be resolved, then said resolution shall fail. The chairperson of the meeting shall not have a casting or deciding vote.

2.7 Powers and Duties of Directors. All matters or questions requiring action or decision at a meeting of the Directors shall be determined by a majority of the votes cast at such meeting, except that the following actions require the unanimous approval of the votes cast at a meeting of the Directors and such other approval as required by law:

(a) any capital expenditure by the Corporation;

(b) any creation of, amendment, alteration or variance to any profit sharing, stock option or purchase, pension, insurance or other employee benefit plan;

(c) any mortgage, charge, grant of security interest in or encumbrance by the Corporation of any of the assets of the Corporation, except for purchase money security interests incurred in the ordinary course of business;

(d) any sale, lease, exchange or other disposition of any assets of the Corporation;

(e) any borrowing of funds or incurring of indebtedness, obligation or liability by the Corporation;

(f) any acquisition of securities, property or assets of any other entity;

(g) any financial assistance by the Corporation, by means of loan, guarantee or otherwise, to any Shareholder, Director or employee of the Corporation or to any person or entity related (within the meaning of the *Income Tax Act* (Canada)) to such Shareholder, Director or employee;

(h) any issuance by the Corporation of any additional Shares or other securities;
and

(i) the hiring, termination or amendment to the compensation packages of any employees of the Corporation.

2.8 Powers and Duties of Shareholders. No action shall be taken in regard to any of the following matters except with the prior express approval of a resolution of all the Shareholders expressed by a resolution passed at a meeting of the Shareholders or signed in writing by all the Shareholders and any other consent or consents required by law by the holders of a class of shares voting separately and as a class:

(a) the acquisition or commencement of any business other than the Business or any material change in the Business;

(b) any amendment or other variation to the Articles, including any proposal to increase the authorized share capital of the Corporation or any proposal to create, reclassify, redesignate, subdivide, consolidate or otherwise change any Shares (whether issued or unissued), provided that the Board determines (without inquiring into or giving effect to the personal circumstances of any individual Shareholder) that the interests of no one Shareholder shall be disproportionately adversely affected *vis-à-vis* the interests of any other Shareholder by such reorganization, arrangement, amalgamation or merger;

(c) any dissolution, liquidation or winding-up of the Corporation or other distribution of the assets of the Corporation for the purpose of winding-up its affairs, whether voluntary or involuntary, except where such dissolution, liquidation or winding-up or other distribution is done voluntarily by the Corporation in order to reorganize its corporate structure provided that the Board determines (without inquiring into or giving effect to the personal circumstances of any individual Shareholder) that the interests of no one Shareholder shall be disproportionately adversely affected *vis-à-vis* the interests of any other Shareholder by such reorganization;

(d) any transaction between the Corporation and any person not dealing at arm's length with the Corporation or any of the Shareholders or any transactions by the Corporation for the benefit of any of the Shareholders or any person not dealing at arm's length with the Corporation or any of the Shareholders, including any guarantee by the Corporation of any obligations of any such person; provided, however, that the Corporation may enter into employment agreements with its employees in the ordinary course of business;

(e) the issuance of any shares in the capital of the Corporation or any securities, warrants, options or rights convertible into, exchangeable for, or carrying the right to subscribe for, shares in the capital of the Corporation;

(f) the redemption or purchase for cancellation of any shares in the capital of the Corporation, other than any purchase of Shares in accordance with this Agreement;

(g) the transfer by the Corporation of any right, title or interest it may now or hereafter have in or to any shares in the capital of any other Corporation;

(h) the conversion, exchange, reclassification, redesignation, subdivision, consolidation or other change of or to any shares in the capital of the Corporation;

(i) any change in the auditors or accountants of the Corporation;

(j) any capital expenditure involving liability of the Corporation;

(k) any sale of all or a substantial portion of the assets or business of the Corporation;

(l) any issue of Shares or the granting of any option or right (including convertible securities, warrants, or convertible obligations of any nature) for the purchase or issuance of any Shares or other securities of the Corporation;

(m) any purchase of Shares or any other return of capital by the Corporation;

(n) any material capital expenditures or leasing of capital equipment by the Corporation;

(o) any proposed sale, lease, exchange or other disposition of property or assets of the Corporation other than in the ordinary course of business;

(p) any purchase of assets or shares by the Corporation other than in the ordinary course of business, including without limitation any investment in or purchase of any business by the Corporation, whether directly or by acquiring the entity through or by which the business is operated or in any other manner;

(q) any borrowing or other financing by the Corporation or the application for, or obtaining of, any line of credit by the Corporation from any financial institution or any material alteration in such financing arrangements;

(r) any assignment, mortgage, charge, pledge, encumbrance of, or grant of a security interest in, property or assets of the Corporation other than in the ordinary course of business;

(s) any provision of any guarantee, indemnity or other financial support by the Corporation other than in the ordinary course of business;

(t) any proposed sale, lease, exchange or other disposition of or assets of the Corporation;

(u) any purchase of assets or shares by the Corporation and any investment in or purchase of any business by the Corporation, whether directly or by acquiring the entity through or by which the business is operated or in any other manner with; and

(v) any change in the number of Directors on the Board.

2.9 Officers. The parties agree that the officers of the Corporation shall be as follows: Office	Name
President	
Chief Operating Officer	

the Superior Court of Justice sitting in Sault Ste. Marie, upon the application of any of the parties and such judge shall be entitled to act as such arbitrator, if he or she so desires. Unless otherwise agreed to by the parties, the arbitration shall be held in the City of Sault Ste. Marie. The procedure to be followed shall be agreed to by the parties or, in default of such agreement, determined by the arbitrator. The arbitration shall proceed in accordance with the provisions of the *Arbitration Act, 1991* (Ontario). The arbitrator shall have the power to proceed with the arbitration and to deliver his or her award notwithstanding the default by any party in respect of any procedural order made by the arbitrator. The decision arrived at by the arbitrator shall be final and binding and no appeal shall lie therefrom. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

ARTICLE 9 LIFE INSURANCE

9.1 Subject to the consent of all the Shareholders, the Corporation may own, pay when due, all premiums of and do all things within its control to maintain in good standing, one or more insurance policies, which in the aggregate provide for the payment to the Corporation of an amount agreed on by the parties, in the event of the death of a Shareholder, whether by incident or otherwise. The insurance shall be on the lives of all Shareholders.

9.2 Each Shareholder hereby authorizes and consents to the Corporation obtaining, owning and maintaining life insurance policies as contemplated by this Article, if same is approved by all of the Shareholders in accordance with article 9.1. Each party shall cooperate fully with the obtaining and maintaining of said insurance, and shall submit to whatever medical or other examinations as may be required by said life insurance company.

9.3 The parties agree that should either party cease to be a Shareholder, then the insurance on the departing Shareholder may be assigned by the Corporation to the departing Shareholder, provided the departing Shareholder assumes the

responsibility for payment of all future premiums and obligations of said insurance policy.

ARTICLE 10 NON-COMPETITION

10.1 Restriction on Competition. Each Shareholder (each a “**Covenantor**”) agrees with the other Shareholder and the Corporation (the “**Covantees**”) that, from the execution of this Agreement and until the expiry of one (1) year from the date that a Covenantor ceases to be a shareholder in the Corporation (the “**Binding Period**”), the Covenantor will not, directly or indirectly, either alone or in partnership or in conjunction with any person or persons as principal, agent, shareholder 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 his name or any part thereof to be used or employed by any person engaged in or concerned with or interested in any business competitive with the Business of the Corporation, being a rehabilitation and support worker business, or any aspect thereof as conducted at any time during the Binding Period;

(b) solicit, interfere with or attempt to solicit or interfere with any supplier, employee, customer or client of or to the Corporation or any Shareholder away from the Corporation; or

(c) engage the services of any person that was an employee, agent or sales representative of the Corporation or any of its Subsidiaries at any time during the Binding Period or do any act or thing which results in the relationship between the Corporation and any supplier, employee, customer or client of the Corporation or any Shareholder being diminished or impaired.

ARTICLE 11 SHARE OWNERSHIP AND RESTRICTIONS ON TRANSFER

11.1 Restrictions on Transfer.

(a) No Shareholder shall Transfer any of the Shares owned by him except to Persons and in the manner expressly permitted in the Articles and this Agreement (the “**Permitted Transferee**”). Any attempted Transfer of Shares made in violation of this Agreement shall be null and void. Neither the Board of Directors nor the Shareholders shall approve or ratify any Transfer of Shares made in contravention of this Agreement and the Corporation shall not permit any such Transfer to be recorded on the share register of the Corporation maintained for the Shares.

(b) From and after the date of an attempted Transfer, unless otherwise expressly provided in this Agreement, all rights of the Shareholder purporting to make the Transfer shall be suspended and inoperative and no Person shall be entitled to vote such Shares or receive dividends or other distributions until the Transfer is rescinded by the transferor and transferee.

(c) Any transfer of Shares to a Permitted Transferee is conditional upon said Shareholder entering into and agreeing to be bound by the terms of the within Shareholder Agreement, or such other Shareholder Agreement as the parties might mutually agree.

ARTICLE 12 RIGHT TO PURCHASE SHARES

12.1 Third Party Offer.

(a) No sale by any Shareholder of any Shares to any Person other than a Permitted Transferee shall be effected except in compliance with this Article and this Agreement.

(b) If any Shareholder (the “**Offeror**”) receives a *bona fide* written offer (a “**Third Party Offer**”) from any Person dealing at arm’s length with the Parties (the “**Buyer**”) to purchase all, but not less than all, of the Shares owned by the Offeror (the “**Purchased Shares**”), which Third Party Offer is acceptable to the Offeror, the Offeror shall, by notice in writing to the other Shareholder (the “**Offeree**”), make an offer (the “**Offer**”) to sell the Purchased Shares to the Offeree at the same price and upon the same terms and conditions as are contained in the Third Party Offer.

(c) The Offer shall:

(i) identify in reasonable detail the Buyer and, if the Buyer is not an individual, identify those Persons who, together with their Associates and Affiliates, Control the Buyer,

(ii) be accompanied by a true copy of the Third Party Offer setting forth all of the terms and conditions of the Third Party Offer, and

(iii) provide such information concerning the business experience and expertise of the Buyer and its financial condition as is reasonably available to the Offeror. The Offer shall not be revocable except with the consent of the Offeree.

(d) The Offeree shall have a period of thirty days from the date the Offer is received (the “**Offer Period**”) to accept the Offer in writing, and the Offeree who accepts said Offer shall specify same in writing.

12.2 Acceptance of Offer.

(a) If the Offer is accepted by the Offeree, then the Offeror shall and the Offeree shall purchase the Purchased Shares upon the terms and conditions contained in the Offer. In such case, the Offeree shall purchase the Purchased Shares from the Offeror.

(b) The closing of the transaction of purchase and sale pursuant to the Offer (a “**Sale Transaction**”) shall take place at the Place of Closing at the Time of Closing on the date which is thirty days after the expiry of the Offer Period (the “**Date of Closing**”).

12.3 **Third Party Sale.** If the Offeree does not accept the Offer during the Offer Period, the Offeror shall be entitled, within a period of sixty days after the expiry of the Offer Period, to sell the Purchased Shares to the Buyer in accordance with the Third Party Offer, subject to Article

12.4 Piggy-Back Rights

(a) If an Offeror is entitled and proposes to sell its Shares in accordance with the Third Party Offer pursuant to Article 12, the Offeror shall, at least fifteen days prior to the date specified for completion of the Third Party Offer, give notice in writing (a “**Disposition Notice**”) to the Offerees.

(b) Each Offeree shall have the right, exercisable within five days of receipt of a Disposition Notice, upon notice in writing to the Offeror and the Buyer (the

“**Piggy-back Notice**”), to require the Buyer to purchase all but not less than all of the Shares held by such Offeree, at the time of completion of, and upon the same terms and conditions as those contained in, the Third Party Offer.

(c) If any Offeree gives a Piggy-back Notice to the Offeror and the Buyer within such period, then the Offeror shall be entitled to sell the Purchased Shares to the Buyer pursuant to the Third Party Offer only if such Buyer also offers to purchase from the Offeree all of the Shares held by the Offeree, conditional upon the completion of the transaction of purchase and sale contemplated in the Third Party Offer.

ARTICLE 13 COMPULSORY BUY-SELL PROVISION

13.1 Offer to Purchase. If either Shareholder (the “**Offering Shareholder**”) desires to purchase the Shares owned by the remaining Shareholder (the “**Remaining Shareholder**”), the Offering Shareholder shall make an offer (the “**Shotgun Offer**”) in writing to the Remaining Shareholder to purchase all, but not less than all, of the Shares owned by the Remaining Shareholder. The Offering Shareholder shall specify in the Shotgun Offer the terms of the purchase and sale including the price (the “**Shotgun Price**”) to be paid for the Shares owned by the Remaining Shareholder. The parties agree that any such Offer shall contain an amount per Share in said Offer, since the parties are not equal Shareholders of the within Corporation.

13.2 Acceptance or Counteroffer by Remaining Shareholder.

(a) Within seven days after the receipt by the Remaining Shareholder of the Shotgun Offer pursuant to article 13.1, the Remaining Shareholder shall advise the Offering Shareholder in writing either:

(i) That the Remaining Shareholder accepts the Shotgun Offer on the terms and conditions set out in the Shotgun Offer; or

(ii) That the Remaining Shareholder elects to purchase Shares owned by the Offering Shareholder on the terms and conditions set forth in the Shotgun Offer, *mutatis mutandis*.

(b) If the Remaining Shareholder elects to purchase the Shares of the Offering Shareholder, then he shall be conclusively deemed to have made an offer to purchase the Shares of the Offering Shareholder on the terms and conditions, including the Shotgun Price, set out in the Shotgun Offer, *mutatis mutandis*, and the Offering Shareholder shall be conclusively deemed to have accepted such offer of the Remaining Shareholder.

(c) If the Remaining Shareholder accepts the Shotgun Offer, or fails to advise the Offering Shareholder in writing, within the period specified in article 13.2, of his intention to purchase the Shares of the Offering Shareholder, then the Remaining Shareholder shall be conclusively deemed to have accepted the Shotgun Offer to purchase his Shares on the terms and conditions set out in the Shotgun Offer, and the Offering Shareholder shall purchase from the Remaining Shareholder his Shares.

13.3 Purchase Price. The purchase price for the Shares of the Shareholder who has accepted or been deemed to have accepted an offer under article 13.2 (the “**Purchased Shares**”) shall be an amount equal to the Shotgun Price (the

“Purchase Price”).

13.4 Intervening Death. If a Shareholder becomes an Inactive Shareholder before the Time of Closing of a Sale Transaction pursuant to the provisions of Article 13 as a result of the death of the Shareholder, the provisions of Article 14 shall apply and the provisions of this Article (except for this section) shall be suspended until completion of the Sale Transaction contemplated by Article 14.

ARTICLE 14

CESSATION OF INVOLVEMENT IN THE CORPORATION

14.1 Inactive Shareholders.

(a) A Shareholder shall be deemed to be an Inactive Shareholder immediately following the occurrence of any of the following events (each a **“Triggering Event”**):

(i) becoming mentally incapable for a continuous period of six months in any twelve-month period; or

(ii) bankruptcy or insolvency of a Shareholder.

(b) Each Shareholder or his executor, administrator, or other legal or personal representative, as the case may be, (each being a **“Representative”**), shall give notice in writing to the Corporation promptly following the occurrence of a Triggering Event.

14.2 Irrevocable Option to Purchase Shares of Inactive Shareholder.

(a) Each Shareholder grants to the other Shareholder an irrevocable option (which option shall not be revoked by the death of the Shareholder) (the **“Purchase Option”**), exercisable in the event that he becomes an Inactive Shareholder, to purchase all but not less than all of the Shares held by him (the **“Purchased Shares”**).

(b) The Corporation shall deliver a notice to the Shareholder other than the Inactive Shareholder (the **“Other Shareholder”**) immediately following the receipt of notice of, or otherwise becoming aware of, a Triggering Event. The Purchase Option shall be exercisable by the Other Shareholder at any time within thirty days following receipt of notice of the Triggering Event (the **“Exercise Period”**) upon notice in writing (the **“Exercise Notice”**) to the Inactive Shareholder or his Representative and the Corporation.

(c) If the Other Shareholder elects to exercise the Purchase Option, he shall be entitled to purchase the Purchased Shares.

14.3 Compulsory Purchase by Corporation. If a Shareholder becomes an Inactive Shareholder pursuant to this Article 14.1, the Inactive Shareholder or his Representative shall have the right, upon notice to the Corporation (the **“Compulsory Purchase Notice”**) within thirty days following the expiry of the Exercise Period (the **“Compulsory Purchase Period”**), to require the Corporation or the Inactive Shareholder, either personally or through a holding company, to purchase the Purchased Shares.

14.4 Purchase Price for Shares. The purchase price (the **“Purchase Price”**) for the Purchased Shares of the Inactive Shareholder (the **“Vendor”**) shall be the product obtained by multiplying the number of Purchased Shares and the Fair Market Value of the Shares determined in accordance with the provisions of Article 16.

14.5 Suspension of Certain Provisions. Following a Triggering Event pursuant to this Article 14, an Inactive Shareholder shall only be entitled to transfer his Shares in accordance with this Article and the provisions of any other buy-sell provisions of this Agreement shall be suspended and inoperative with respect to such Inactive Shareholder.

ARTICLE 15 DEATH OF A SHAREHOLDER

15.1 On the death of a Shareholder (the “Deceased Shareholder”), all of the shares of the Corporation held by the Deceased Shareholder personally, or through a corporation wholly owned by the Deceased Shareholder, shall vest indefeasibly with the beneficiaries of the estate of the Deceased Shareholder (the “Beneficiaries”) pursuant to the deceased Shareholder’s Last Will and Testament or the intestate succession laws.

15.2 At any time within four (4) months following the death of a Shareholder, the Beneficiaries shall have the option of sending a notice in writing to the Corporation, and the remaining Shareholder(s) (the “Purchasers”) requiring the Purchasers to purchase the shares and the capital of the Corporation owned by the Deceased Shareholder in such proportion and on such terms as determined by the Beneficiaries (the “Purchased Shares”); and upon receipt of such notice, the Beneficiaries shall sell to the Purchasers, and the Purchasers shall purchase from the Beneficiaries, the aforementioned Purchased Shares.

15.3 The terms and conditions of the sale of the Purchased Shares shall be determined solely by the Beneficiaries, utilizing one of the following two options, or a combination of both:

(a) Option 1 - The Corporation shall redeem the Purchased Shares from the Beneficiaries, payable by way of a tax-free capital dividend, unless the value of the Shares exceed the capital dividend, in which case the balance remaining will be a taxable dividend in the hands of the Beneficiaries;

(b) Option 2 - The Purchasers shall purchase the Purchased Shares from the Beneficiaries, either personally or through a company or companies to be incorporated by them, with consideration for said Purchased Shares being payable by way of a Promissory Note. Immediately following the purchase, the Corporation can declare a tax-free dividend utilizing the capital dividend account. The Purchasers shall then pay the Promissory Note in full from the proceeds of the aforementioned tax-free dividend;

(c) Option 3 - To sell the shares of the Retiring Shareholder’s interest to a third party on consent of both Shareholders, or the parties will wind up the business.

15.4 In the event that the Beneficiaries fail to provide notice to the Purchasers within four (4) months of the date of death of the Deceased Shareholder, the Purchasers shall be entitled to send a notice in writing to the Beneficiaries requiring the beneficiaries to sell to the Purchasers all of the shares and the capital of the Corporation owned by them (the “Called Purchased Shares”) and upon receipt of such notice the Beneficiaries shall sell to the Purchasers, and the Purchasers shall purchase from the Beneficiaries the Called Purchased Shares in such proportion and on such terms as determined by the Purchasers.

15.5 The closing of the transaction of the purchase and sale contemplated by this

Article shall take place on the date (in this Article the “Date of Closing”) which is the later of:

(a) the date which is sixty (60) days after the notice contemplated in Article 15.2 or 15.4 hereof is delivered; and

(b) the date which is the first business day following the thirtieth (30th) day after a valuation is completed in accordance with Article 16.

15.6 Notwithstanding the provisions of Article 15.5, the purchase of the Purchased Shares or the Called Purchased Shares shall be completed upon receipt of the proceeds of insurance on the life of the Deceased Shareholder, provided that if the Corporation is unable to collect the insurance proceeds on the life of the Deceased Shareholder within twelve (12) months, the Beneficiaries, the heirs, administrators and assigns of the Purchasers shall have the option to defer the purchase by the Corporation of such shares until said insurance proceeds are received by the Corporation.

15.7 In the event that the fair market value of the shares being redeemed is in excess of the amount of the insurance proceeds payable to the Corporation, the balance of the redemption price or purchase price, as the case may be, shall be paid by the Corporation or the other Shareholder(s), as the case may be, through other funds raised or in the possession of the Corporation or the other Shareholder(s).

15.8 The parties agree that the value of the Deceased Shareholder’s shares shall be determined in accordance with Article 15 of the within Agreement and the valuation shall be binding upon the Corporation, the Purchasers and the Beneficiaries.

ARTICLE 16 FAIR MARKET VALUE

16.1 **Fair Market Value.** The fair market value of all of the Shares of the Corporation shall be determined by the accountants of the Corporation at the time of the Triggering Event, and the parties agree to be bound by such determination. The accountants of the Corporation have the authority to employ a third party business valuator should the accountants not feel they are qualified to make such a determination.

ARTICLE 17 GENERAL SALES PROVISIONS

17.1 **Application of Sale Provisions.**

(a) Except as may otherwise be expressly provided in this Agreement, the provisions of this Article shall apply to any sale of Shares between Shareholders, any sale of Shares by a Shareholder to a third party pursuant to Article 12 or, to the extent applicable, between Shareholders and the Corporation pursuant to the other provisions of this Agreement.

(b) For the purpose of this Article, the terms “**Vendor**”, “**Purchaser**”, “**Date of Closing**”, “**Time of Closing**”, “**Purchase Price**” and “**Purchased Shares**” with respect to any Sale Transaction shall have the meanings specified in Articles 11, 12, 13 and 14, as the case may be.

17.2 **Obligations of Vendor.** At or prior to the Time of Closing, the Vendor shall:

(a) Assign and transfer to the Purchaser the Purchased Shares and deliver the

share certificate(s) representing the Purchased Shares duly endorsed for transfer to the Purchaser or as directed by him;

(b) Do all other things required in order to deliver good and marketable title to the Purchased Shares to the Purchaser free and clear of any Liens whatsoever;

(c) Deliver to the Corporation and the Purchaser all necessary documents (which documents shall be in form and substance reasonably satisfactory to the solicitors for the Purchaser) required to transfer to the Purchaser the indebtedness of the Corporation and the other Shareholder to the Vendor or to otherwise comply fully with the intent of this Agreement;

(d) Deliver to the Corporation signed resignations of the Vendor and its nominees, if any, as Directors, officers and employees of the Corporation, as the case may be;

(e) Deliver to the Corporation releases by the Vendor and its nominees, if any, of all claims against the Corporation with respect to any matter or thing up to and including the Time of Closing in their capacities as Directors, officers, Shareholders, employees or creditors of the Corporation, as the case may be, except for any claims which might arise out of the Sale Transaction;

(f) Deliver to the remaining Shareholder releases by the Vendor and its nominees, if any, all claims against each remaining Shareholder and his respective nominees, if any, in his capacity as a Shareholder, Director or officer of the Corporation, except for any claims which might arise out of the Sale Transaction; and

(g) Either 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 *Income Tax Act* (Canada) or provide the Purchaser with a certificate pursuant to subsection 116(2) of the *Income Tax Act* (Canada) with a certificate limit in an amount not less than the Purchase Price for the Purchased Shares.

17.3 Release of Guarantees etc. If, at the Time of Closing, the Vendor, a Principal of the Vendor or any other Person for and on behalf of the Vendor, shall have any guarantees, securities or covenants lodged with any Person to secure any indebtedness, liability or obligation of the Corporation or the remaining Shareholder, then the remaining Shareholder shall use his best efforts to deliver up or cause to be delivered up to the Vendor or cancel or cause to be cancelled all of such guarantees, securities and covenants at the Time of Closing. If, notwithstanding such best efforts, the delivery up or cancellation of any such guarantee, security or covenant is not obtained, the remaining Shareholder shall deliver to the Vendor and such other Person an indemnity in writing, in form reasonably satisfactory to counsel for the Vendor, indemnifying him against any and all claims, losses, costs or damages which may be or which shall have been paid, suffered or incurred by them with respect to the guarantee, security or covenant.

17.4 Deliveries to Vendor. At or prior to the Time of Closing, the remaining Shareholder shall:

(a) Deliver to the Vendor and its nominees, if any, a release by it, in its capacity as a Director, officer and Shareholder of the Corporation, of all of its claims

against the Vendor and its nominees in its capacity as a Shareholder, Director or officer of the Corporation, except for any claims which may arise out of the Sale Transaction; and

(b) Cause the Corporation to deliver to the Vendor and its nominees, if any, a release by the Corporation of all its claims against the Vendor and its nominees with respect to any matter or thing arising as a result of the Vendor or its nominees being a Shareholder, Director or officer of the Corporation, as the case may be, except for any claims which might arise out of the Sale Transactions.

17.5 Repayment of Debts. If, at the Time of Closing, the Corporation is indebted to the Vendor in an amount recorded on the books of the Corporation and verified by the Auditor or the Corporation's accountant, the Corporation shall repay such amount to the Vendor at the Time of Closing. If, at the Time of Closing, the Vendor is indebted to the Corporation in an amount recorded on the books of the Corporation and verified by the Auditors or the Corporation's Accountant, the Vendor shall repay such amount to the Corporation at the Time of Closing and, if the Vendor fails to make such repayment, the Purchaser shall be required to pay the amount of such indebtedness to the Corporation from the Purchase Price and the amount of the Purchase Price payable to the Vendor shall be reduced accordingly.

17.6 Payment of Purchase Price. Unless otherwise agreed in the Sales Transaction and permitted by this Agreement, the Purchase Price (less an amount withheld equal to the face amount of any indebtedness of the Vendor to the Corporation or the other Shareholders) shall be paid by the Purchaser in full by cash or bank draft at the Time of Closing.

17.7 Non-compliance with Conditions. If at the Time of Closing:

(a) the Purchased Shares are not free and clear of all Liens, or

(b) evidence or a certificate referred to in Article 17.2(e) is not provided, the Purchaser may, without prejudice to any other rights which it may have, purchase the Purchased Shares subject to such Liens or in the absence of such evidence or certificate, and, in that event, the Purchaser shall, at the Time of Closing,

(c) assume all obligations and liabilities with respect to such Liens, and (d) make the payment of tax required under Section 116 of the *Income Tax Act* (Canada), as the case may be; and in each such case the Purchase Price payable by the Purchaser for the Purchased Shares shall be satisfied, in whole or in part, as the case may be, by such assumption or payment and the amount so assumed or paid shall be deducted from the Purchase Price payable at the Time of Closing).

17.8 Non-Completion by Vendor.

(a) If, at the Time of Closing, the Vendor fails to complete the Sale Transaction, the Purchaser shall have the right, if not in default under this Agreement, without prejudice to any other rights which it may have, make payment of the Purchase Price payable to the Vendor at the Time of Closing by depositing such amount to the credit of the Vendor in the main branch of the Corporation's bankers in the City of Sault Ste Marie. Such deposit shall constitute valid and effective payment of such amount to the Vendor irrespective of any action the Vendor may have taken to transfer or grant of Lien on the Purchased Shares. If the Purchase Price has been so paid, then from and after the date of deposit, the Sales Transaction

shall be deemed to have been full completed and all right, title, benefit and interest, both at law and in equity and to the Purchased Shares shall conclusively be deemed to have been transferred to and become vested in the Purchaser and all right, title, benefit and interest, both at law and in equity, in and to the Purchased Shares of the Vendor or of any transferee or assignee of the Vendor shall cease and determine. The Purchaser shall also have the right to execute and deliver, on behalf of and in the name of the Vendor, such deeds, transfers, share certificates, resignations and other documents that may be necessary to complete the Sale Transaction and each Shareholder, to the extent it may be a Vendor irrevocably appoints any Shareholder who becomes a Purchaser in a Sale Transaction its attorney in that behalf in accordance with the *Substitute Decisions Act* (Ontario), with no restriction or limitation in that regard and declaring that this power of attorney may be exercised during any subsequent legal incapacity on its part.

(b) The Vendor shall be entitled to receive the amount deposited with the Corporation's bankers pursuant to Article 17.8(a) together with the releases and indemnities to which it may be entitled pursuant to Article 17 on delivery to the Purchaser of the documents referred to in Article 17 and in compliance with all other provisions of this Agreement.

17.9 Non-Completion by Purchaser.

(a) In addition to and without limiting any remedy that may be available at law or in equity to the Vendor, in the event that a person who is obligated to purchase the Corporation's Shares in accordance with this Agreement defaults in the performance of its obligation to complete such purchase, the Vendor may, at his 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 Article 13.9(a), such obligations shall be terminated without prejudice to the continued effectiveness of this Agreement.

(b) If, at the Time of Closing, the Purchaser fails to complete a Sale Transaction, the Vendor (the "**New Purchaser**") shall have the right (without prejudice to any other rights which it may have), at its option, exercisable within a period of thirty days following the Date of Closing of such Sale Transaction upon notice to the Purchaser (the "**New Vendor**"), to purchase from the New Vendor all the Shares owned by the New Vendor for an amount per Share equal to seventy-five per cent (75%) of the Purchase Price per Share payable pursuant to the Sale Transaction which the New Vendor has neglected or refused to perform, less all costs incurred by the New Purchaser in connection with the failure by the New Vendor to complete the Sale Transaction, and all references in the foregoing Sections of this Article to the "**Vendor**" and the "**Purchaser**" respectively shall be deemed to be references to the New Vendor and the New Purchaser respectively.

17.10 Restriction on Business. If the provisions of any of Articles 11, 12, 13 or 14 become applicable, then from such date until the Time of Closing (as defined in the particular Article) the Shareholders shall not do nor permit to be done anything except that which is in the ordinary course of business of the Corporation.

17.11 **Consents.** The Parties acknowledge that the completion of any Sale Transaction shall be subject, in any event, to the receipt of all necessary governmental and regulatory consents and approvals and any manufacturers' consents to the transfer of Shares contemplated thereby.

ARTICLE 18 GENERAL

18.1 **Term of Agreement.** This Agreement shall take effect on the date that it is signed by both parties.

18.2 **Term of Agreement.** This Agreement shall terminate on the earlier of:

(a) the date on which a Person becomes the registered and beneficial owner of all the Shares;

(b) the date this Agreement is terminated by written agreement of all of the Shareholders;

(c) the date upon which the Corporation is wound-up, liquidated or dissolved, whether voluntarily or involuntarily; and

(d) with respect to any individual Shareholder, upon the sale or disposal of all of such Shareholder's Shares in accordance with this Agreement.

Notwithstanding the foregoing, the obligations under this Agreement which by their terms survive the termination of this Agreement, shall survive the termination of this Agreement.

Further Assurances. The parties shall sign such further and other documents, cause such meetings to be held, cause such resolutions to be passed and such by-laws to be enacted, exercise their vote and influence and do and perform (and cause to be done and performed) such further and other acts or things as may be necessary or desirable in order to give full effect to this Agreement

and every part of it.

18.4 **Implementation of Agreement.** If any conflict shall appear between the Articles, By-laws or resolutions of the Corporation and the provisions of this Agreement, the provisions of this Agreement shall govern and supersede the provisions of the Articles, By-laws and resolutions. If there shall be any such conflict, the Shareholders shall amend the Articles, By-laws and resolutions so as to ensure conformity with the terms of this Agreement.

18.5 **Legend on Certificates.** All share certificates of the Corporation shall be endorsed with the following legend:

"The Corporation is bound by, and the securities evidenced by this certificate are subject to, a unanimous shareholder agreement dated as of , as may be amended from time to time, and such securities may not be pledged, sold or otherwise transferred except in accordance with the provisions thereof. Any transferee of the securities evidenced by this certificate is deemed, and required, to be a party to that agreement."

18.6 **Copy of Agreement.** The Corporation shall keep a true copy of this

Agreement at its registered office and on reasonable prior notice from any party shall make the same available for examination by such party during the Corporation's regular hours of business at such office.

18.7 Notices. All notices, requests, demands or other communications required or permitted to be given by one party to another pursuant to this Agreement shall be given in writing by personal delivery, courier service, registered mail (postage prepaid), or facsimile transmission, addressed or delivered to:

X and Y addresses

or at such other address of which written notice is given to the Corporation. Such notices, requests, demands or other communications shall be deemed to have been received when delivered, or, if mailed, on the fifth Business Day after the mailing thereof, or, if sent by facsimile transmission, on the next Business Day after confirmed transmission. If a notice, request, demand or other communication is delivered by registered mail, and regular mail service shall be interrupted by strikes or other irregularities on or before the fifth Business Day after the mailing thereof, such notice, request, demand or other communication shall be deemed to have been received only upon personal delivery thereof.

18.8 Entire Agreement and Amendment. This Agreement including the Schedules constitutes the entire agreement between the parties with respect to the matters in this Agreement and supersedes all prior agreements and negotiations, whether written or oral, relating to the subject-matter of this Agreement. The execution of this Agreement has not been induced by, nor do any of the parties rely upon or regard as material, any representations, promises, agreements or statements whatsoever not incorporated in this Agreement and made a part of this Agreement. This Agreement shall not be amended, altered or qualified except by an instrument in writing signed by all of the parties.

18.9 Waiver. No party to this Agreement shall be deemed or taken to have waived any provision of this Agreement unless such waiver is in writing, and then such waiver shall be limited to the circumstances set forth in such written waiver. No failure or delay on the part of a party in exercising any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. No waiver by a party of a default shall operate against such party as a waiver of such default unless made in writing and signed.

18.10 Enurement and Assignment. This Agreement shall be binding upon and enure to the benefit of the parties, their respective heirs, executors, administrators and other legal representatives, and, to the extent permitted, their respective successors and permitted assigns. No party to this Agreement may assign, transfer or otherwise dispose of all or any part of its rights or obligations or any interest in this Agreement without the prior consent of the parties.

18.11 Power of Attorney. If any Shareholder neglects or refuses, or is unable to execute or delivery any document required to be executed or delivered pursuant to the provisions of this Agreement, then such Shareholder shall be deemed to have appointed the other Shareholder as his or her agent and lawful attorney, in accordance with the *Substitute Decisions Act* (Ontario), for the purpose of executing and delivering such document and such execution or delivery shall be as valid and effectual, for all purposes, as though it had been executed or delivered by such Shareholder. This appointment, being coupled with interest, is therefore irrevocable.

18.12 Severability. If any provision of this Agreement or the application of such provision to any Person or circumstances shall be held illegal, invalid or unenforceable, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those as to which it is held illegal, invalid or unenforceable shall not be affected thereby. Each provision of this Agreement is intended to be severable, and if any provision is illegal, invalid or unenforceable in any jurisdiction, this will not affect the legality, validity or enforceability of such provision in any other jurisdiction or the validity of the remainder of this Agreement.

18.13 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties had all signed the same document. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same instrument. Delivery by facsimile of any executed counterpart of this Agreement shall be equally as effective as delivery of a manually executed counterpart thereof. Any party delivering an executed counterpart by facsimile shall also deliver a manually executed counterpart of this Agreement, but failure to do so shall not affect the validity, enforceability or binding effect of this Agreement.

_____ X and Y

_____ Witness

_____ Date