**{{ name\_of\_corporation.upper() }}**

**UNANIMOUS SHAREHOLDERS’ AGREEMENT**

**TABLE OF CONTENTS**

|  |  |  |
| --- | --- | --- |
|  | **Article Heading** | **Page** |
|  |  |  |
| ~ | Article One: Definitions and Interpretations | 3 |
| ~ | Article Two: Representations, Warranties and Covenants | 6 |
| ~ | Article Three: Management of the Corporation | 7 |
| ~ | Article Four: Operation and Finance | 11 |
| ~ | Article Five: Restrictions on Transfer of Shares of Corporation | 13 |
| ~ | Article Six: Restrictions on Transfer of Shares of Shareholder | 15 |
| ~ | Article Seven: Death | 17 |
| ~ | Article Eight: Disability | 18 |
| ~ | Article Nine: Insolvency | 20 |
| ~ | Article Ten: *Family Law Act* | 21 |
| ~ | Article Eleven: Right of First Refusal | 22 |
| ~ | Article Twelve: Buy/Sell Provisions | 24 |
| ~ | Article Thirteen: Piggyback Rights | 29 |
| ~ | Article Fourteen: Unvested and Vesting Shares and Purchase by the Corporation | 29 |
| ~ | Article Fifteen: Valuation | 31 |
| ~ | Article Sixteen: Insurance | 33 |
| ~ | Article Seventeen: General Sale Provisions | 34 |
| ~ | Article Eighteen: Dispute Resolution | 37 |
| ~ | Article Nineteen: Non-Competition/ Non-Solicitation/ Confidentiality | 38 |
| ~ | Article Twenty: Principal Guarantee | 42 |
| ~ | Article Twenty-One: Unanimous Shareholders’ Agreement | 42 |
| ~ | Article Twenty-Two: General Contract Provisions | 43 |
| {%tr if shareholder | length >= 1 %} | | |
| ~ | Schedule A - 1: Certificate of Independent Legal Advice and Alternative Statement | 47 |
| {%tr endif %} | | |
| {%tr if shareholder | length >= 2 %} | | |
| ~ | Schedule A - 2: Certificate of Independent Legal Advice and Alternative Statement | 48 |
| {%tr endif %} | | |
| {%tr if shareholder | length >= 3 %} | | |
| ~ | Schedule A - 3: Certificate of Independent Legal Advice and Alternative Statement |  |
| {%tr endif %} | | |
| ~ | Schedule B: Authorized Capital of the Corporation | 49 |
| ~ | Schedule C: Joinder Agreement | 50 |

**UNANIMOUS SHAREHOLDERS’ AGREEMENT**

THIS AGREEMENT made as of the {{ ordinal(effective\_date.format('d'), use\_word=False) }} day of {{ effective\_date.format('MMMM') }} {{ effective\_date.format('yyyy') }}.

B E T W E E N:

**{{ name\_of\_corporation.upper() }}**

a corporation incorporated under the

provisions of the {% if act == “province” %}*Business Corporations Act (Ontario)*{% else %}*Canada Business Corporations Act*{% endif %}

(hereinafter referred as the “**Corporation**”)

-- and –

**{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }} {{ shareholder[0].last\_name.upper() }}{% else %}{{ shareholder[0].business\_name.upper() }}{% endif %}**

**{% if shareholder[0].type == “individual” %}**an individual resident in the Province of {{ shareholder[0].province }}{% else %}corporation incorporated pursuant to the

provisions of the {% if act == “province” %}*Business Corporations Act (Ontario)*{% else %}*Canada Business Corporations Act*{% endif %}{% endif %}

(hereinafter referred to as “**{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name.upper() }}{% endif %}**”)

{%p if shareholder | length >=2 %}

‑‑ and ‑‑

**{% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }} {{ shareholder[1].last\_name.upper() }}{% else %}{{ shareholder[1].business\_name.upper() }}{% endif %}**

**{% if shareholder[1].type == “individual” %}**an individual resident in the Province of {{ shareholder[1].province }}{% else %}corporation incorporated pursuant to the

provisions of the {% if act == “province” %}*Business Corporations Act (Ontario)*{% else %}*Canada Business Corporations Act*{% endif %}{% endif %}

(hereinafter referred to as “**{% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name.upper() }}{% endif %}**”)

{%p endif %}

{%p if shareholder | length >=3 %}

‑‑ and –

**{% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }} {{ shareholder[2].last\_name.upper() }}{% else %}{{ shareholder[2].business\_name.upper() }}{% endif %}**

**{% if shareholder[2].type == “individual” %}**an individual resident in the Province of {{ shareholder[2].province }}{% else %}corporation incorporated pursuant to the

provisions of the {% if act == “province” %}*Business Corporations Act (Ontario)*{% else %}*Canada Business Corporations Act*{% endif %}{% endif %}

(hereinafter referred to as “**{% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name.upper() }}{% endif %}**”)

{%p endif %}

Such other parties who after the date hereof acquires securities of the Corporation and agrees to become a party to, and bound by, this Agreement as a Shareholder by the execution of a Joinder Agreement in the form annexed hereto as “Schedule C”;

**WHEREAS:**

1. The parties hereto have entered into this agreement for the purposes of making provision for the harmonious operation of the business and practice of the Corporation and to provide for their obligations with respect to the Corporation and to each other in respect of their shareholdings in the Corporation;
2. It is the intention of each of the parties hereto that this Agreement shall constitute a Unanimous Shareholders' Agreement with respect to the Corporation;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the respective covenants and agreements of the parties contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, it is agreed as follows:

**ARTICLE ONE**

**DEFINITIONS AND INTERPRETATION**

* 1. In this Agreement, unless something in the subject matter or context is inconsistent therewith:

1. “**Act of Insolvency**” means, when used in relation to a Shareholder, that without the prior written consent of all of the Shareholders:
   1. the Shareholder or its Principal, as the case may be, makes an assignment for the benefit of its or his creditors; or
   2. the Shareholder or its Principal, as the case may be, becomes bankrupt or, as an insolvent debtor, takes the benefit of any legislation now or hereafter in force for bankrupt or insolvent debtors;
   3. a receiver or other officer with like powers is appointed for the Shareholder or its Principal, as the case may be, for the substantial part of the assets of the Shareholder or its Principal, as the case may be, unless the appointment of such receiver or other officer with like powers is being disputed in good faith and such proceedings effectively postpone enforcement of such appointment; or
   4. a resolution is passed or an order is made or a petition is filed for the cancellation, dissolution, liquidation, revocation, or winding‑up of a corporate Shareholder, unless such action is being disputed in good faith by appropriate proceedings and such proceedings effectively postpone enforcement of the action;

provided that an Act of Insolvency shall be deemed not to have occurred if such Act of Insolvency occurs through the failure of any of the other Shareholders or the Principal of any of such other Shareholders, as the case may be, to perform its obligations hereunder;

1. “**Agreement**” means this Unanimous Shareholders' Agreement and all preambles, recitals and schedules hereto, along with any amendments hereto or thereto
2. “**Arms length**” has the meaning attributed thereto in the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.) and the regulations thereunder as amended from time to time;
3. “**Board**" means the board of directors of the Corporation as may be appointed from time to time;
4. “**Business Day**” means any day, other than a Saturday or Sunday or holiday, on which Canadian chartered banks are open for business in Ottawa, Ontario;
5. “**Business of the Corporation**” means the business or businesses carried on by the Corporation on the date of execution of the within Agreement;
6. “**By-laws**” means the by-laws of the Corporation as they may be amended from time to time;
7. “***OBCA***” means the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16 and the regulations thereunder, as amended from time to time;
8. “**Common Shareholders**” means the holders of the Common Shares of the Corporation who, as of the date of this Agreement, are {% if shareholder | length == 1 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}{% elif shareholder | length == 2 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} and {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %}{% elif shareholder | length == 3 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}, {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} and {% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name }}{% endif %}{% endif %}
9. “**Continuous Service Status**” means the absence of any interruption or termination of service as an employee or any capacity other than as Director and Shareholder. Continuous Service Status shall not be considered interrupted or terminated in the case of:
   1. corporation approved sick leave;
   2. any other bona fide leave of absence approved by the Corporation,

provided that such leave is for a period of not more than NINETY (90) days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to a written Corporation policy;

1. “**Event of Default**” means, when used in relation to a Shareholder, that such a Shareholder or its Principal has defaulted in the performance of its obligations pursuant to this Agreement or pursuant to any agreement entered into between such person and the Corporation and such default shall not have been cured within FIFTEEN (15) days after receipt by such Shareholder or its Principal, as the case may be of a notice from the Board or any other Shareholder asking such Shareholder or its Principal to cure such default;
2. “**Fair Market Value**” shall have the meaning ascribed thereto in Section 15.4;
3. “**Fully‑participating share**” means a security that participates to an unlimited amount in the earnings of the Corporation or upon the liquidation or winding‑up of or other similar distribution of assets by the Corporation;
4. “**Generally Accepted Accounting Principles**” means the current accounting principles recommended by the Canadian Institute of Chartered Accountants in the "CPA Canada Handbook" at the relevant time, or in the event that the matter is not covered in the CPA Canada Handbook, principles having general acceptance among accounting professionals at the relevant time;
5. “***Income Tax Act***” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.) and the regulations thereunder, as amended from time to time;
6. “***Investment Canada Act***” means the *Investment Canada Act*, R.S.C. 1985, c. 28 (1st Supp.) and the regulations thereunder, as amended from time to time;
7. “**Permitted Transferee**” means, in respect of any Shareholder:
8. a Corporation which is not a non‑Canadian within the meaning of the *Investment Canada Act*, R.S.C. 1985, c. L.8 (1st Supp.) of which such Shareholder or the Principal of such Shareholder are the sole registered and beneficial Shareholders;
9. a trust of which such Shareholder or the Principal of such Shareholder are the sole beneficiaries, provided that such trust is not a non‑Canadian within the meaning of the *Investment Canada Act*, R.S.C. 1985, c. L.8 (1st Supp.);
10. if approved by the Shareholders unanimously, the spouse or issue of that Shareholder or Principal of such Shareholder provided such spouse or issue, as the case may be, is then sui juris and not then a non‑Canadian within the meaning of the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.);
11. if the Shareholder is a Corporation, any person who is the sole and registered beneficial Shareholder of such Corporation;
12. “**Person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his capacity as trustee, executor, administrator or other legal representative;
13. “***Powers of Attorney Act***” means the Ontario *Powers of Attorney Act*, R.S.O. 1990, c. P.20 and the regulations thereunder, as amended from time to time.
14. “**Prime Bank Rate**” means the commercial lending rate of interest, expressed as an annual rate, that the Corporation's principal bankers quote in Ottawa as the reference rate of interest from time to time (commonly known as "prime") for the purpose of determining the rate of interest that it charges to its commercial customers for loans in Canadian funds;
15. “**Principal**” means the individual or individuals who holds the controlling interest in any present or future Corporation that may own Shares in the Corporation, and in the case of a Family Trust that may own Shares in the Corporation, “Principal” means the trustee which must be part of the majority for any and all votes of trustees for such Family Trust, and "Principals" means every Principal;
16. “**Shareholder**” means any person who from time to time holds shares of the Corporation and is bound by the provisions of this Agreement, the initial {% if shareholder | length > 1 %}Shareholders{% else %}Shareholder{% endif %} being {% if shareholder | length == 1 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}{% elif shareholder | length == 2 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} and {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %}{% elif shareholder | length == 3 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}, {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} and {% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name }}{% endif %}{% endif %}; and
17. “**Shares**”means any of the Shares of any Class of the Corporation, held and beneficially owned by the Shareholders at such time, and any other shares of the Corporation which may be issued to the Shareholders.
    1. The following are the schedules attached to and incorporated in this Agreement by reference and deemed to be part hereof:

Schedule A - 1 – Certificate of Independent Legal Advice and Alternative Statement

{%p if shareholder | length >= 2 %}

Schedule A - 2 – Certificate of Independent Legal Advice and Alternative Statement

{%p endif %}

{%p if shareholder | length >= 3 %}

Schedule A - 3 – Certificate of Independent Legal Advice and Alternative Statement

{%p endif %}

Schedule B – Authorized Capital of the Corporation

Schedule C – Joinder Agreement

**ARTICLE TWO**

**REPRESENTATIONS, WARRANTIES AND COVENANTS**

* 1. **Number and Class of Share**

Each Shareholder hereby covenants, represents and warrants that:

* + 1. it and they are the registered and beneficial owners of that number and class of the issued and outstanding Shares of the Corporation set out opposite its or their name below:

|  |  |  |
| --- | --- | --- |
| **Shareholder** | **Class of Shares** | **Number of Shares** |
| {%tr if shareholder | length >= 1 %} | | |
| {% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} | {{ shareholder[0].class\_of\_share }} | {{ shareholder[0].number\_of\_shares }} |
| {%tr endif %} | | |
| {%tr if shareholder | length >= 2 %} | | |
| {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} | {{ shareholder[1].class\_of\_share }} | {{ shareholder[1].number\_of\_shares }} |
| {%tr endif %} | | |
| {%tr if shareholder | length >= 3 %} | | |
| {% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name }}{% endif %} | {{ shareholder[2].class\_of\_share }} | {{ shareholder[2].number\_of\_shares }} |
| {%tr endif %} | | |

* + 1. the Shares set out opposite its or their name above are free and clear of all claims, liens and encumbrances whatsoever and no person, firm or corporation has any agreement or option or right capable of becoming an agreement for the purchase of any such Shares;
    2. that their respective Shares under this Agreement shall be registered solely in the name and for the benefit of the Shareholders respectively, and not as the nominee or otherwise on behalf of any other party;
    3. that it has all requisite legal capacity and authority to enter into this Agreement and exercise the rights and responsibilities described hereunder, without the prior authorization of any other party; and
    4. that this Agreement, and its enforcement, does not conflict with any other agreement or legal obligation of the applicable party, or cause a violation of any law, or order or judgment of any court or other legally constituted tribunal.
  1. **No Other Shares**

The Corporation warrants that:

1. the authorized capital of the Corporation is set out in Schedule B hereto;
2. the shares and securities listed in Section 2.1 hereof are the only issued and outstanding Shares of the Corporation; and
3. except as provided in this Agreement no person has any agreement or option or right capable of becoming an agreement for the purchase, subscription or issuance of any of the unissued shares of the Corporation.
   1. **Associated Corporations**

Each shareholder warrants that, to the best of his knowledge, information and belief after due enquiry the Corporation is not associated (as that term is used in the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.)) with any other corporation and hereby covenants that if the Corporation becomes so associated, all appropriate forms and elections will be filed to ensure that, to the maximum extent possible, the Corporation has allocated to it, in each taxation year, the amounts necessary with respect to its business limit to enable the Corporation to take the maximum small business deduction available in such taxation year, as those terms are used in the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.).

* 1. **Survival**

The covenants, representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and, notwithstanding such execution and delivery and regardless of any investigation made by or on behalf of any Shareholder with respect thereto, shall continue in full force and effect for the benefit of each Shareholder to which such covenants, representations and warranties were made until the expiry of THREE (3) years following the termination of the Shareholders' Agreement.

**ARTICLE THREE**

**MANAGEMENT OF THE CORPORATION**

* 1. **Board of Directors**

Subject to the provisions of this Agreement, the business and affairs of the Corporation shall be managed by the Board of Directors (hereinafter the "**Board**") which shall at all times, consist of at least {{ nice\_number(minimum\_number\_of\_directors.upper()) }} ({{ minimum\_number\_of\_directors }}) directors, ONE (1) nominee, from {% if shareholder | length > 1 %}each of {% endif %}{% if shareholder | length == 1 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}{% elif shareholder | length == 2 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} and {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %}{% elif shareholder | length == 3 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}, {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} and {% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name }}{% endif %}{% endif %} or their respective corporations who may become Shareholders, so long as he, she or it is a Shareholder, or a Principal, as the case may be, and has not committed an Act of Bankruptcy, and such other person or persons, if any, as the Shareholders may unanimously agree on. The initial Board shall be comprised of {% if shareholder | length == 1 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}{% elif shareholder | length == 2 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} and {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %}{% elif shareholder | length == 3 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}, {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} and {% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name }}{% endif %}{% endif %}.

* 1. **Board Vacancy**

Should any vacancy occur on the Board, such vacancy shall be filled forthwith by the appointment of a nominee in accordance with Section 3.1. Until such vacancy is filled, the Board shall not transact any business or exercise any of its powers or functions, save and except as may be necessary to elect such new director and/or preserve the assets and Business of the Corporation. Provided that if a replacement director is not elected or appointed as aforesaid within THIRTY (30) clear days of the notice of such vacancy, thereafter, subject to the restrictions on the powers of the directors contained in this Agreement, the directors then in office shall be entitled to transact business and exercise all of the powers and functions of the Board, and, further, for the purposes of this Agreement, the unanimous or majority decision of the directors then in office shall constitute the unanimous or majority decision, respectively, of all of the directors of the Corporation until such time as a replacement director is properly elected.

* 1. **Event of Default or Act of Insolvency**

Notwithstanding anything to the contrary herein contained, if an Event of Default or an Act of Insolvency occurs with respect to a Shareholder (the "Defaulting Shareholder"), such Defaulting Shareholder shall not be entitled to be a Director of the Board or to nominate any individual as a Director of the Board and such Defaulting Shareholder in conjunction with the other Shareholders shall cause such nominee Director of the Defaulting Shareholder to forthwith resign or be removed and the nominee Director of such Defaulting Shareholder shall be replaced with such person or persons as may be designated by the non‑Defaulting Shareholders provided that if such Event of Default or Act of Insolvency is subsequently remedied, the Defaulting Shareholder shall again be entitled to nominate an individual to the Board as provided hereunder and all of the Shareholders shall take all necessary steps in this regard.

* 1. **Entitlement to Vote**

Notwithstanding anything to the contrary herein contained, if an Event of Default or an Act of Insolvency occurs with respect to any Shareholder (the "Defaulting Shareholder"), from and after the occurrence of such Event of Default or Act of Insolvency, the Defaulting Shareholder shall not be entitled to vote its shares or to notice of meetings of Shareholders and, where a vote of the Shareholders is required, the other Shareholders who are not Defaulting Shareholders shall be deemed to own all of the shares of the Corporation, provided that if such Event of Default is subsequently remedied, such Defaulting Shareholder shall again be entitled to vote its shares and to notice of meetings of Shareholders. In addition, the Defaulting Shareholder hereby irrevocably gives its proxy to the non‑Defaulting Shareholders to vote its shares in any matter that such Shareholders determine and hereby appoints such Shareholders as its attorney in accordance with the *Powers of Attorney Act*, R.S.O. 1990, c. P.20 to execute all necessary documents on behalf of the Defaulting Shareholder to give effect to such proxy.

* 1. **Officers of the Corporation**

The officers of the Corporation, unless changed by resignation or Board decision, shall be:

|  |  |
| --- | --- |
| {%tr if officer | length >= 1 %} | |
| {{ officer[0].title }} | {{ officer[0].full\_name }} |
| {%tr endif %} | |
| {%tr if officer | length >= 2 %} | |
| {{ officer[1].title }} | {{ officer[1].full\_name }} |
| {%tr endif %} | |
| {%tr if officer | length >= 3 %} | |
| {{ officer[2].title }} | {{ officer[2].full\_name }} |
| {%tr endif %} | |

and such additional officers as the Board may determine from time to time. Where an above‑named officer resigns his office, then the Board shall be entitled to appoint a replacement.

* 1. **Quorum for Meetings of Directors**

A quorum for meetings of the Board shall consist of all of the Directors on the Board, provided however that if proper notice of a meeting of the Board, specifying the business to be transacted at the meeting, is given within THIRTY (30) days by any member of the Board and a quorum of the Board is not present, then a meeting of the Board may thereafter be held on FORTY-EIGHT (48) hours’ notice to transact the business set forth in the original notice and, subject to the *CBCA*, the number of members of the Board present at that meeting shall constitute a quorum for the transaction of the business set-out in the notice in respect of that meeting and such business may be transacted by a majority vote of that member of the Board in attendance at the meeting. Each Director shall have only ONE (1) vote at any meeting of the Board.

* 1. **Quorum for Meetings of Shareholders**

A quorum for a meeting of Shareholders shall be TWO (2) or more Shareholders, present and representing by proxy or in person not less than FIFTY-ONE percent (51%) of the issued and outstanding shares entitled to vote at such meeting.

* 1. **Unanimous Agreement**

Except as may be otherwise provided in this Agreement, all decisions of the Board, and of the Shareholders of the Corporation, shall be decided unanimously.

* 1. **Casting Votes**

Notwithstanding any statutory rule or rule to the contrary, the chairman at any meeting of the Board or at any meeting of the Shareholders of the Corporation shall not be entitled to a second, extra or casting vote in the case of a tie vote at any such meeting.

* 1. **Contracts and Documents**

All contracts and documents binding the Corporation shall require the signature(s) of the President and Secretary-Treasurer or such other individual(s) as is determined by the unanimous decision of the Board from time to time.

* 1. **Approval of Share Transfer**

The Board of Directors and the Shareholders shall sanction, approve, consent to and otherwise facilitate any transfer of shares in the capital stock of the Corporation made in compliance with, or which is required to be made by, any provision of this Agreement.

* 1. **Special Approval**

In addition to any other approval required by law or pursuant to the articles, or by‑laws of the Corporation, none of the following actions shall be affected without the prior written unanimous consent by Resolution of all of the Shareholders (unless otherwise expressly permitted pursuant to the provisions of this Agreement):

1. the issuance or allotment of any shares in the capital of the Corporation or any securities, rights, warrants or options convertible into or exchangeable for or carrying the right to subscribe for shares in the capital of the Corporation;
2. the conversion, reclassification, subdivision, consolidation, exchange, re-designation or any other change to any of the shares in the capital of the Corporation;
3. the redemption or purchase by the Corporation of its issued shares or securities convertible into shares or cancellation of the subscription rights in respect of its shares or securities convertible into its shares;
4. the merger, amalgamation, continuance, reorganization or consolidation of the Corporation or the approval of any plan of arrangement, whether statutory or otherwise;
5. the taking or instituting of proceedings for the winding‑up, re‑organization or dissolution of the Corporation;
6. the enactment, revocation or amendment of any by‑laws of the Corporation;
7. the sale, lease, exchange or other disposition of all or substantially all of the assets or undertaking of the Corporation;
8. any material changes in the Business of the Corporation or any action taken which may lead to or result in such material change;
9. the repayment of any loans owing by the Corporation to any of its Shareholders, except for loans made in accordance with the terms of this Agreement and the terms of which provide for repayment at specified times;
10. the provision of financial assistance, whether by loan, guarantee or otherwise, to any Shareholder or any person not dealing at arm's length with a Shareholder;
11. the making of any contract between the Corporation and any person not dealing at arm's length with a Shareholder or the making of any payment to any person not dealing at arm's length with a Shareholder except in respect of loans made pursuant to the provisions of Article Five hereof;
12. allot, issue, sell, exchange or otherwise dispose of or acquire any of the shares of the Corporation or enter into any option or agreement to do so;
13. direct the Corporation to borrow any money, incur any liability, make any expenditure or dispose of any capital asset of less than ONE THOUSAND DOLLARS ($1,000.00) for any single transaction or FIVE THOUSAND DOLLARS ($5,000.00) in the aggregate in any twelve (12) month period;
14. have the Corporation enter into any agreement for services of any nature with any of the parties hereto save and except for the Employment Agreements referred to below;
15. declare or pay any dividend or other distribution of the assets of the Corporation to any shareholder;
16. directly or indirectly have the Corporation acquire any interest in or be engaged in or make any investment in any business or undertaking other than its business described in the recitals to this Agreement;
17. hypothecate, pledge, mortgage, charge or otherwise encumber the whole of the Corporation’s assets or any part thereof except in the ordinary course of business;
18. change the Corporation’s fiscal period;
19. direct the Corporation to pay any fee, salary, bonus or other remuneration to, for or on account of any shareholder, or of any person or company not dealing at arms length (as such term is defined in the *Income Tax Act*) with any shareholder;
20. change the number of directors of the Corporation or take action which would derogate from the right of the Shareholders to nominate members of the Board, as provided in this Agreement;
21. direct the Corporation to take, hold, subscribe for or agree to purchase or acquire shares in the capital stock of any other corporation;
22. have any subsidiary;
23. employment of any person; or
24. appoint an accountant for the Corporation.
    1. **Restriction of Powers of Directors**

To the extent that this Agreement specifies that any matters may only be or shall be dealt with or approved by or shall require action by the Shareholders, the discretion and powers of the Directors of the Corporation to manage and to supervise the management of the business and affairs of the Corporation with respect to such matters are correspondingly restricted.

* 1. **Employment by the Corporation**

{% if shareholder | length > 1 %}Each of {% endif %}{% if shareholder | length == 1 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}{% elif shareholder | length == 2 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} and {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %}{% elif shareholder | length == 3 %}{% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %}, {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} and {% if shareholder[2].type == “individual” %}{{ shareholder[2].first\_name.upper() }}{% else %}{{ shareholder[2].business\_name }}{% endif %}{% endif %} may at the appropriate time(s) enter into employment contracts with the Corporation (the “Employment Contracts”) that will set out the terms pursuant to which they will provide certain services to or on behalf of the Corporation.

* 1. **Corporate Earnings**

The Parties agree that, in order of priority, the treatment of all earnings of the Corporation will be governed by the following principles of prudent management:

1. payment of all current financial obligations of the Corporation excluding any Shareholder loans to the Corporation;
2. retention of appropriate cash reserves which, unless the Parties unanimously agree otherwise, shall be deemed to be 40% of the net annual profits of the Corporation;
3. investment in any agreed-to expansion of business operations;
4. payment of any outstanding Shareholder loans to the Corporation; and
5. distribution of a portion of the profits of the Corporation to Shareholders by way of dividends, or such other agreed-to means. The distribution of profits to the Shareholders shall only be undertaken with the unanimous consent of the Shareholders and subject to the written opinion of the accountant of the Corporation that the financial status of the Corporation will not be comprised thereby.
   1. **Loans to the Corporation**

The Shareholders may advance certain sums to the Corporation and these advances shall be loans to the Corporation by the Shareholders (“Shareholder Loans”).

**ARTICLE FOUR**

**OPERATION AND FINANCE**

* 1. **Accounting Records**

Proper books of account shall be kept by the Corporation and entries shall be made therein of all matters, terms, transactions and things as are usually written and entered into books of account in accordance with generally accepted accounting principles and each of the Shareholders shall have free access at all times to examine and copy them and shall at all times furnish to the others correct information, accounts and statements of and concerning all transactions pertaining to the Corporation without any concealment or suppression.

* 1. **Accountants**

The accountants of the Corporation shall be such accountants as the Shareholders shall appoint from time to time and such accountants shall, at the fiscal year end of the Corporation, prepare financial statements for such fiscal year, and for such purposes, they shall have access to all books of account, records and all vouchers, cheques, papers and documents of or which may relate to the Corporation, including those of the Shareholders to the extent to which such books, records, vouchers, cheques, papers and documents relate to the Corporation.

* 1. **Waiver of Audit**

The Shareholders covenant and agree with each and the Corporation to dispense with the appointment of auditors and shall vote the Shares beneficially owned or controlled by them to approve a resolution to dispense with the appointment of auditors at each and every annual meeting, and, at the request of the Corporation, shall deliver to the Corporation in writing a consent to dispense with the appointment of auditors. Notwithstanding the foregoing, a Shareholder may demand an audit of the Corporation once per annum by providing written notice to the Corporation and the other Shareholders. If the audit does not disclose material issues with the books and records of the Corporation then the Shareholder who demanded that an audit be performed will be responsible for the costs associated with having the audit performed. For the purposes of this provision, “material”, shall be deemed to be a variance of plus or minus FIVE PERCENT (5%).

* 1. **Financial Year End**

The financial year ends of the Corporation shall be such date as may be recommended from time to time, by the accountants of the Corporation and approved by the Board of Directors.

* 1. **Bank Accounts**

1. The Corporation shall maintain a bank account or bank accounts at such bank or trust company as the Board shall from time to time determine.
2. All bank accounts shall be kept in the name of the Corporation and all cheques, bills, notes, drafts or other instruments shall require the signatures of such individuals as the Board may from time to time determine.
3. All monies received from time to time for the account of the Corporation shall be paid immediately into those bank accounts for the time being in operation, in the same drafts, cheques, bills or cash in which they are received and all disbursements on account of the Corporation shall be made by cheque on such bank or trust company.
   1. **Additional Borrowing**

The Shareholders agree that all funds required for the purposes of the Corporation shall be obtained, to the greatest extent possible, by borrowing from a chartered bank or other lender. The decision whether such funds are required, from whom such funds will be borrowed and the terms and conditions of such borrowing shall be determined by the Board from time to time. Each of the Shareholders covenants to use his reasonable best efforts to obtain such funds and covenants to execute and deliver all necessary documents, statements and assurances as may be required by such bank or other lender. The Shareholders and their respective Principals further agree that they shall attempt to obtain such funds upon their several guarantees only limited in an amount which is proportional to their holdings of fully‑participating shares of the Corporation; provided that if such funds can only be obtained upon the joint and several guarantees of the Shareholders and their respective Principals, the Shareholders and the Principals covenant to execute and deliver such guarantees or other assurances as may be required in that regard.

* 1. **Personal Guarantees**

If a Shareholder or Principal (hereinafter in this Article sometimes called a "Guarantor") has guaranteed, with the consent of the other Shareholder(s), the obligations of the Corporation to any bank or other lender and the Guarantor makes payment to such bank or other lender under such guarantee, then each of the Shareholders other than the Guarantor (hereinafter in this Article sometimes called an "Indemnifier") shall pay to the Guarantor, forthwith upon demand, a proportionate amount of such payment equal to the proportion which the number of fully‑participating shares of the Corporation then beneficially owned by the Indemnifier bears to the total number of fully‑participating shares of the Corporation then outstanding.

* 1. **Loan Payment of Pro‑Rata Portion of Shareholder(s) Guarantee**

In the event that any one or more of the Indemnifiers shall not make a payment required herein, (hereinafter in this Article sometimes referred to as a “Defaulting Indemnifier(s)”), then the aggregate amount to be paid to the Guarantor by the other Indemnifier(s) shall be adjusted by excluding the number of fully‑participating shares of the Corporation then beneficially owned by the Defaulting Indemnifier(s) from the total number of fully‑participating shares of the Corporation for purposes of the calculation contemplated pursuant to Section 4.7 above, and such additional amount shall be paid to the Guarantor by the other Indemnifier(s) forthwith upon demand. Provided that nothing herein shall relieve the Defaulting Indemnifier(s) from its obligation to pay to the Guarantor or the other Indemnifier(s), as the case may be, its proportionate share of the amount paid by the Guarantor, determined without having regard to its default. In addition, the Defaulting Indemnifier(s) shall pay to the Guarantor or the other Indemnifier(s), as the case may be, interest at the Prime Bank Rate plus FIVE (5) percentage points calculated and payable daily, not in advance, computed from the first day upon which such payment should have been made on the amount owing by such Defaulting Indemnifier(s) to the Guarantor or other Indemnifier(s), as the case may be. For the purposes hereof, the Prime Bank Rate shall be determined daily to apply with respect to the monies owing at the end of the next succeeding day. The amount payable by the Defaulting Indemnifier(s) hereunder together with interest thereon, calculated as aforesaid, shall be fully paid to the Guarantor, or the other Indemnifier(s), as the case may be, before any dividend, salary, bonus, withdrawal or other distribution whatsoever from the Corporation is made to the Defaulting Indemnifier(s) and the Corporation is hereby authorized and directed to pay the amount of any such dividend, salary, bonus, withdrawal or other distribution (to the extent of the amount owing by the Defaulting Indemnifier(s) to the Guarantor or other Indemnifier(s), as aforesaid) to the Guarantor or other Indemnifier(s) in reduction of such amount.

**ARTICLE FIVE**

**RESTRICTIONS ON TRANSFER OF SHARES OF CORPORATION**

* 1. **No Dealing with Shares**

Each of the Shareholders covenants that they will not sell, assign, donate, encumber, transfer, mortgage, pledge, charge, subject to a security interest, hypothecate, or otherwise dispose of or in any way whatsoever directly or indirectly, deal with the ownership of any of the shares of the Corporation or securities convertible into shares of the Corporation now or hereafter beneficially owned by them, except in accordance with the terms of this Agreement, or except with the prior written unanimous consent of the other Shareholder(s).

* 1. **Transfer to Permitted Transferee**

Notwithstanding the provisions of Section 5.1 and any other provisions of this Agreement which restrict the disposition of or dealing with shares of the Corporation, a Shareholder shall at any time or from time to time have the right, with the approval of the other Shareholders, to dispose of all or any shares of the Corporation held by such Shareholder to a Permitted Transferee, provided that at the time of such disposition:

(a) such Permitted Transferee shall agree with the other parties to this agreement in writing and in form and substance satisfactory to the other Shareholders, acting reasonably, to assume and be bound by all of the terms and obligations contained in this Agreement as if such Permitted Transferee had entered into this Agreement in the place and stead of the Shareholder from whom such shares are acquired;

(b) the Permitted Transferee agrees to remain a Permitted Transferee of the Shareholder from whom such shares were acquired for so long as the Permitted Transferee is a registered and beneficial owner of any shares of the Corporation; and

(c) the Shareholders receive in form and substance satisfactory to them, acting reasonably, evidence that the Permitted Transferee is a Permitted Transferee of the Shareholder from whom shares of the Corporation are to be acquired and that the Agreements referred to in Subsections 5.2(a) and (b) above, are legal, valid and binding obligations of the Permitted Transferee.

* 1. **Continuing Liability of Shareholders**

Notwithstanding a disposition of shares of the Corporation to a Permitted Transferee, a disposing Shareholder and its Principal shall vis a vis the other parties to this Agreement remain liable as principal debtor under all covenants of such disposing Shareholder and its Principal contained in this Agreement, and the disposing Shareholder and its Principal agree to unconditionally overwrite to the other parties to this Agreement the due performance by the Permitted Transferee of all obligations imposed on such Permitted Transferee under this Agreement.

* 1. **Future Guarantees**

The disposing Shareholder and its Principal agree that, notwithstanding any disposition of shares of the Corporation held by the disposing Shareholder, such disposing Shareholder and its Principal shall, if required, continue to provide, when required, his personal guarantee to lenders in accordance with the provisions of Section 4.7 of this Agreement (the "Continuing Guarantee"). Such Continuing Guarantee of the disposing Shareholder and its Principal is unconditional and may be enforced against the disposing Shareholder and its Principal without any proceedings being taken first against the Permitted Transferee or the pursuit of any other remedies whatsoever.

* 1. **Waiver**

The disposing Shareholder and its Principal authorize the other parties hereto to take any steps necessary, to renew, compromise, extend, accelerate or otherwise change the time for payment or any term relating to the performance of any such obligations and the disposing Shareholder and its Principal hereby waive presentment, protest, notice of protest, notice of dishonour, demand for performance and notice of acceptance of this Continuing Guarantee by the other parties to this Agreement.

* 1. **Transfer of Shares to Permitted Transferee**

If shares of the Corporation are transferred by a Shareholder to one or more Permitted Transferee(s), such Permitted Transferee(s) together with the Shareholder (should such Shareholder retain any shares of the Corporation), acting unanimously, shall be entitled to exercise all rights of such Shareholder hereunder.

* 1. **Permitted Transferee Shares – Voting**

Whenever the Shareholders of the Corporation are required to vote on any matter, each original Shareholder and, if applicable, any Permitted Transferees that have received shares of the Corporation in accordance with this Agreement shall meet and determine how their shares shall be voted. The decision of the holders of FIFTY-ONE percent (51%) of the voting securities of the Corporation beneficially owned by such persons shall be binding on all such persons. All rules and requirements regarding meetings of Shareholders of the Corporation shall apply to meetings of such persons, mutatis mutandis. Notwithstanding the foregoing, in the event such persons are unable to reach a decision in the manner contemplated in this Section 5.7, they shall be deemed to have decided to vote their shares in the manner that the original Shareholder directs and shall do and cause to be done all things necessary so that their shares are voted accordingly.

**ARTICLE SIX**

**RESTRICTIONS ON TRANSFER OF SHARES OF SHAREHOLDER**

* 1. **Transfer of Shares of Corporate Shareholder**

Each of the Principals covenants that, so long as the Shareholder of which he is the Principal is a Shareholder, he will not sell, assign, donate, encumber, transfer, mortgage, pledge, charge, subject to a security interest, hypothecate, or otherwise dispose of or in any way whatsoever directly or indirectly, deal with the ownership of any of the shares of the Shareholder or securities convertible into shares of the Shareholder now or hereafter beneficially owned by him, except in accordance with the terms of this Agreement, or except with the prior written unanimous consent of the other Shareholder(s).

* 1. **Transfer to Permitted Transferee**

Notwithstanding the provisions of Section 6.1 and any other provisions of this Agreement which restrict the disposition of or dealing with shares of the Corporation, a Principal shall at any time or from time to time have the right, with the approval of the other Shareholders, to dispose of all or any shares of the Shareholder of which he or she is the Principal to a Permitted Transferee, provided that at the time of such disposition:

(a) such Permitted Transferee shall agree with the other parties to this Agreement in writing and in form and substance satisfactory to the other Shareholders, acting reasonably, to assume and be bound by all of the terms and obligations contained in this Agreement as if such Permitted Transferee had entered into this Agreement in the place and stead of the Principal from whom such shares are acquired;

(b) the Permitted Transferee agrees to remain a Permitted Transferee of the Principal from whom such shares were acquired for so long as the Permitted Transferee is a registered and beneficial owner of any shares of the Shareholder of which shares were acquired; and

(c) the Shareholders receive in form and substance satisfactory to them, acting reasonably, that the Permitted Transferee is a Permitted Transferee of the Principal from whom shares of a Shareholder are to be acquired and that the Agreements referred to in Subsections 6.2(a) and (b) above, are legal, valid and binding obligations of the Permitted Transferee.

* 1. **Continuing Liability of Principal**

Notwithstanding a disposition of shares of a Shareholder to a Permitted Transferee, a disposing Principal shall vis à vis the other parties to this Agreement remain liable as principal debtor under all covenants of such disposing Principal contained in this Agreement, and the disposing Principal agrees to unconditionally overwrite to the other parties to this Agreement the due performance by the Permitted Transferee of all obligations imposed on such Permitted Transferee under this Agreement.

* 1. **Future Guarantees**

The disposing Principal agrees that, notwithstanding any disposition of shares of a Shareholder held by the disposing Principal, such disposing Principal shall, if required, continue to provide, when required, his personal guarantee to lenders in accordance with the provisions of Section 4.7 of this Agreement (the "Continuing Guarantee"). Such Continuing Guarantee of the disposing Principal is unconditional and may be enforced against the disposing Principal without any proceedings being taken first against the Permitted Transferee or the pursuit of any other remedies whatsoever.

* 1. **Waiver**

The disposing Principal authorizes the other parties hereto to take any steps necessary, to renew, compromise, extend, accelerate or otherwise change the time for payment or any term relating to the performance of any such obligations and the disposing Principal hereby waives presentment, protest, notice of protest, notice of dishonour, demand for performance and notice of acceptance of this Continuing Guarantee by the other parties to this Agreement.

* 1. **Transfer of Shares to Permitted Transferee**

If shares of a Shareholder are transferred by a Principal to ONE (1) or more Permitted Transferee(s), such Permitted Transferee(s) together with the Principal (should he or she retain any shares of the Corporation), acting unanimously, shall be entitled to exercise all rights of such Shareholder hereunder.

* 1. **No Reorganization of Corporate Shareholder**

Each Principal and the corporate Shareholder of which he is the Principal covenants that, so long as the said corporate Shareholder is a Shareholder of the Corporation, they shall not cause or permit such corporate Shareholder to take part in any amalgamation, merger, reorganization or similar proceeding, the effect of which would result in the Principal in question owning less than ONE-HUNDRED percent (100%) of the issued voting shares in the capital of the resulting body corporate from time to time outstanding. For the purposes of this Section, "voting shares" shall mean shares of any class or classes to which are attached voting rights exercisable under all circumstances or under certain circumstances which have occurred and are continuing, the exercise of which voting rights by the owner of the voting shares is not restricted by Agreement or in any other manner whatever. For purposes of this Agreement, the Principal shall be considered to be the "Principal" of the resulting body corporate.

**ARTICLE SEVEN**

**DEATH**

* 1. **Compulsory Share Purchase**

Upon the death of a Shareholder or a Principal (hereinafter in this Article referred to as the "Deceased"), the Personal Representative of the deceased Shareholder or Shareholder of which the Deceased was a Principal (hereinafter in this Article referred to as the "Vendor") shall sell all of the shares of the Corporation beneficially owned by the Deceased (hereinafter in this Article called the "Purchased Shares") to the other Shareholder(s) (hereinafter in this Article referred to as the "Purchaser(s)") and the Purchaser(s) shall purchase from the Vendor the Purchased Shares, upon and subject to the terms and conditions hereinafter set forth.

* 1. **Purchase Price for Deceased Party's Shares**

The price for the Purchased Shares (hereinafter in this Article called the "Purchase Price") shall be determined in accordance with the provisions of Article Fifteen hereof.

* 1. **Payment of Purchase Price**

Upon determination of the Purchase Price, a sum equal to the greater of:

1. an amount (not to exceed the Purchase Price) equal to the proceeds of all insurance policies on the life of the Deceased, if any, which may be payable to the Purchaser(s) in accordance with the provisions of Article Fifteen hereof; or
2. TWENTY percent (20%) of the Purchase Price, shall be paid on the Date of Closing (as defined in Section 7.5); and
3. the balance shall be paid in equal consecutive monthly instalments over a period of up to FIVE (5) years from the Date of Closing as determined by the Purchaser in its sole discretion, together with interest on the principal balance from time to time outstanding at a rate per annum, calculated monthly, not in advance, both before and after default or judgment and as well after as before maturity, which is equal to the Prime Bank Rate plus TWO (2) percentage points, with interest on overdue interest at the same rate. Such interest shall be payable at the same time as payments of principal, the first of such instalments of principal and interest to become due and payable ONE (1) month after the Date of Closing, with interest at the aforesaid rate computed from the Date of Closing. The Prime Bank Rate shall be determined on the Date of Closing and on each payment date thereafter to apply with respect to the balance of the Purchase Price outstanding in the period until the next payment date. The Purchaser(s) shall personally guarantee, jointly and severally, *pro rata* the payment of any promissory note by the Corporation associated with the balance of the purchase price herein.
   1. **Pro Rata Purchases**

If there is more than one Purchaser, each Purchaser shall purchase the Purchased Shares *pro rata* based upon the number of fully participating shares of the Corporation beneficially owned by such Purchasers on the Date of Closing, or in such other proportion as the Purchaser(s) may unanimously agree in writing.

* 1. **Date of Closing**

For the purposes of this Article the "Date of Closing" is the date which shall be the latest of:

(a) the date which is NINETY (90) days after the relevant death;

(b) the date which is NINETY (90) days after the Purchase Price for the Purchased Shares is finally determined in accordance with the provisions of Article Fifteen hereof;

(c) the date upon which the Purchaser receives the proceeds of insurance referred to in Article Sixteen hereof and payable on the life of the Deceased or, if applicable, the date on which it is finally determined that no proceeds of insurance are payable; and

(d) the date on which any approvals required to validly effect the transfer of the Purchased Shares are received.

* 1. **Application of Income Tax Act**

If, for the purposes of the *Income Tax Act* (Canada, (hereinafter called the "Act"), the aggregate of the insurance proceeds received by the Corporation in accordance with Section 7.3 together with the deceased Shareholder's pro rata share of the balance of the capital dividend account of the Corporation at the date of his death, (which aggregate sum is hereinafter referred to as the "Applicable CDA"), is equal to or greater than the amount of the deemed dividend which, for the purposes of the Act, will arise on the purchase by the Corporation of the Shares held by the Personal Representative, the Corporation shall take such steps and make such elections as may be necessary to treat such dividend as a capital dividend for the purposes of the Act. If the Applicable CDA is less than the amount of the deemed dividend referred to above, the Corporation shall purchase the Shares held by the Personal Representative in stages and make such elections and take such other appropriate steps as may be necessary to ensure that, to the extent possible, the estate of the deceased Shareholder is deemed, for the purposes of the Act, to have received a capital dividend equal to the full amount of the Applicable CDA.

**ARTICLE EIGHT**

**DISABILITY**

* 1. **Compensation upon Disability**

If a Shareholder or Principal (hereinafter called a "Disabled Party") through bona fide illness, physical or mental, shall be unable to devote the time and attention to the affairs of the Corporation required of such individual, the Disabled Party shall, as long as such disability continues, be entitled to receive from the Corporation the then full compensation payable to him by the Corporation for a period of 180 days from the commencement of such disability. If such disability shall continue for more than 180 days or for 270 days in the aggregate during any period of 365 consecutive days then, thereafter, as long as such disability continues, no further compensation shall be payable by the Corporation to the Disabled Party.

* 1. **Continuing Disability and Sale of Shares**

If such disability shall continue for 365 days from the commencement of such disability or for 365 days in the aggregate during any period of 540 consecutive days, the Shareholder or the Shareholder of which the Disabled Party is the Principal (hereinafter in this Article called the "Vendor") shall sell all of the shares of the Corporation beneficially owned by the Vendor (hereinafter in this Article called the "Purchased Shares") to the other Shareholder(s) (hereinafter in this Article called the "Purchaser(s)") and the Purchaser(s) shall purchase from the Vendor the Purchased Shares, upon and subject to the terms and conditions hereinafter set forth.

* 1. **Purchase Price for Disabled Party's Shares**

The price for the Purchased Shares (hereinafter in this Article called the "Purchase Price") shall be determined in accordance with the provisions of Article Fifteen hereof.

* 1. **Payment of Purchase Price**

The Purchase Price for the Purchased Shares shall be paid as follows:

(a) TWENTY percent (20%) of the Purchase Price shall be paid on the Date of Closing (as defined in Section 8.5); and

(b) the balance shall be paid in equal consecutive monthly instalments over a period of up to FIVE (5) years from the Date of Closing as determined by the Purchaser in its sole discretion, together with interest on the principal balance from time to time outstanding at a rate per annum, calculated monthly, not in advance, both before and after default or judgment, and as well after as before maturity, which is equal to the Prime Bank Rate plus TWO (2) percentage points, with interest on overdue interest at the same rate. Such interest shall be payable at the same times as payments of principal, the first of such instalments of principal and interest to become due and payable ONE (1) month after the Date of Closing, with interest at the aforesaid rate computed from the Date of Closing. The aforesaid Prime Bank Rate shall be determined on the Date of Closing and on each payment date thereafter to apply with respect to the balance of the Purchase Price outstanding in the period until the next payment date.

* 1. **Date of Closing**

For the purposes of this Article the "Date of Closing" is the date which shall be the latest of:

(a) the date which is NINETY (90) days after the relevant disability;

(b) the date which is NINETY (90) days after the Purchase Price for the Purchased Shares is finally determined in accordance with the provisions of Article Fifteen hereof;

(c) the date on which any approvals required to validly effect the transfer of the Purchased Shares are received.

* 1. **Pro Rata Purchases**

If there is more than one Purchaser, each Purchaser shall purchase the Purchased Shares pro rata based upon the number of fully participating shares of the Corporation beneficially owned by such Purchaser(s) on the Date of Closing, or in such other proportion as the Purchaser(s) may unanimously agree in writing.

* 1. **Calculation of Period of Disability**

The parties agree as follows:

(a) For the purposes of this Article Eight, a period of disability for the Disabled Party shall be deemed to commence on the first working day that a Disabled Party does not attend to the affairs of the Corporation required of such Disabled Party, statutory holidays and vacations excepted.

(b) In the event that a Disabled Party shall return to attending to the affairs of the Corporation required of such Disabled Party after having experienced a period of disability, and so long as he shall be attending to the affairs of the Corporation as required of him prior to his becoming a Disabled Party he shall be entitled to his full salary for such period during which he attended to the affairs of the Corporation as required of him, notwithstanding that at some later date he shall again become disabled.

(c) In calculating the period of disability for the purposes of this Article, unless and until such Disabled Party shall have returned to attending to the affairs of the Corporation as required of him for thirty (30) consecutive normal working days, the said period of disability shall be deemed to have continued without interruption whatsoever.

* 1. **Death of Disabled Party**

If a Disabled Party dies at any time before the Date of Closing of a transaction of purchase and sale pursuant to the provisions of this Article, the provisions of Article Seven hereof shall apply and the provisions of this Article (save and except this Section) shall be suspended.

**ARTICLE NINE**

**INSOLVENCY**

* 1. **Insolvency of Shareholder**

Upon an Event of Default or an Act of Insolvency occurring with respect to a Shareholder or with respect to the Principal of a corporate Shareholder (hereinafter in this Article referred to as the "Offeror"), the other Shareholders (hereinafter in this Article referred to as the "Offerees" and individually as the "Offeree") shall have the right to purchase all, but not less than all, of the shares owned by the Offeror in the capital stock of the Corporation (hereinafter in this Article referred to as the "Purchased Shares"), upon and subject to the terms and conditions hereinafter set forth.

* 1. **Right to Purchase Offered Shares**

The Offerees shall be entitled to purchase the Purchased Shares *pro rata* based upon the number of shares beneficially owned by the Offerees in the capital stock of the Corporation or in such other proportion as the Offerees may unanimously agree in writing.

* 1. **Purchase Price for Insolvent Party's Shares**

The price for the Purchased Shares (hereinafter in this Article called the "Purchase Price") shall be determined in accordance with the provisions of Article Fifteen hereof.

* 1. **Notice of Proposed Purchase**

1. Within TEN (10) Business Days of having been given the Valuator's report determining the Fair Market Value of all of the issued and outstanding shares of the Corporation as determined in accordance with the provisions of Article Fifteen, each Offeree desiring to purchase all of the Purchased Shares that the Offeree is entitled to purchase in accordance with the provisions of Section 9.2 hereof, shall give notice to the Offeror, the Corporation and to the other Offerees.
2. If any Offeree does not give such notice, the Purchased Shares that such Offeree had been entitled to purchase (hereinafter in this Section 9.4 referred to as the "Rejected Shares") may instead be purchased by the Offerees who did give such notices, *pro rata* based upon the number of shares beneficially owned by such Offerees in the capital stock of the Corporation, or in such other proportion as such Offerees may unanimously agree in writing.
3. Within FIVE (5) Business Days of the expiry of the TEN (10) Business Day period specified in this Section 9.4, each Offeree who desires to purchase all of the Rejected Shares that such Offeree is entitled to purchase in accordance with the provisions of this Section 9.4 shall give an additional notice to the Offeror, to the Corporation and to the other Offerees.
4. If any Offeree entitled to give the said additional notice does not do so, the Rejected Shares that such Offeree had been entitled to purchase may instead be purchased by the Offerees who did give such notice, and so on from time to time until the Offerees are willing to purchase all of the Purchased Shares or until they are not willing to purchase any more.
5. If the Offerees are willing to purchase all, but not less than all, of the Purchased Shares, the transaction of purchase and sale shall be completed within TWENTY (20) Business Days of the expiry of the TEN (10) Business Day period or FIVE (5) Business Day periods, as the case may be, as specified in this Section 9.4.

**ARTICLE TEN**

***FAMILY LAW ACT***

* 1. **Application or Proceeding under Family Law Act, R.S.O. 1990, c. F.3.**

If at any time during the continuance of this Agreement an application or proceeding is brought by a Shareholder or by the Principal of a corporate Shareholder under the *Family Law Act*, R.S.O. 1990, c. F.3 to determine the entitlement of the spouse or former spouse to the net family property of the Shareholder or Principal of a corporate Shareholder (hereinafter in this Article referred to as the "Offeror"), the other Shareholders (hereinafter in this Article referred to as the Offerees" and individually as the "Offeree") shall have the right to purchase all, but not less than all, of the shares owned by the Offeror in the capital stock of the Corporation (hereinafter in this Article referred to as the "Purchased Shares").

* 1. **Right to Purchase Offered Shares**

The Offerees shall be entitled to purchase the Purchased Shares *pro rata* based upon the number of shares beneficially owned by the Offerees in the capital stock of the Corporation or to purchase in such other proportion as the Offerees may unanimously agree in writing.

* 1. **Purchase Price for Offered Shares**

The Purchase Price for the Purchased Shares shall be determined in accordance with the provisions of Article Fifteen hereof. (the "Purchase Price").

* 1. **Notice of Proposed Purchase**

1. Within TEN (10) Business Days of having been given the Valuator's report determining the Fair Market Value of all of the issued and outstanding shares of the Corporation as determined in accordance with the provisions of Article Fifteen, each Offeree who desires to purchase all of the Purchased Shares that Offeree is entitled to purchase in accordance with the provisions of Section 10.2 hereof, shall give notice to the Offeror, the Corporation and to the other Offerees.
2. If any Offeree does not give such notice, the Purchased Shares that such Offeree had been entitled to purchase (hereinafter in this Section 10.4 referred to as the "Rejected Shares") may instead be purchased by the Offerees who did give such notices, *pro rata* based upon the number of shares beneficially owned by such Offerees in the capital stock of the Corporation, or in such other proportion as such Offerees may agree in writing.
3. Within FIVE (5) Business Days of the expiry of the TEN (10) Business Day period specified in this Section 10.4, each Offeree who desire to purchase all of the Rejected Shares that such Offeree is entitled to purchase in accordance with the provisions of this Section 10.4 shall give an additional notice to the Offeror, to the Corporation and to the other Offerees.
4. If any Offeree entitled to give the said additional notice does not do so, the Rejected Shares that such Offeree had been entitled to purchase may instead be purchased by the Offerees who did give such notice, and so on from time to time until the Offerees are willing to purchase all of the Purchased Shares or until they are not willing to purchase any more.
5. If the Offerees are willing to purchase all, but not less than all, of the Purchased Shares, the transaction of purchase and sale shall be completed within TWENTY (20) Business Days of the expiry of the TEN (10) Business Day period or FIVE (5) Business Day periods, as the case may be, as specified in this Section 10.4.

**ARTICLE ELEVEN**

**RIGHT OF FIRST REFUSAL**

* 1. **Notice of Proposed Sale**

After the fifth year anniversary of the execution of this Agreement and, for greater clarity and certainty, this Article 11 shall not be effective during the first FIVE (5) years of this Agreement, if any Shareholder (hereinafter in this Article Eleven referred to as the "Offeror") receives a bona fide written offer (hereinafter in this Article Eleven referred to as the "Offer") from any person, firm or corporation dealing at arm's length with the Offeror to purchase all or any part of the Shares of the Corporation beneficially owned by such Shareholder, which is acceptable to the Shareholder, such Shareholder shall give notice of such Offer (hereinafter in this Article Eleven referred to as the "Notice") to the Corporation and to the other Shareholders and shall set out in the Notice the number of Shares to be sold pursuant to the Offer (hereinafter in this Article Eleven referred to as the "Offered Shares") and the terms upon which and the price at which (hereinafter in this Article Eleven referred to as the "Purchase Price"), such Offered Shares will be sold pursuant to the Offer.

* 1. **Right to Purchase Offered Shares**

Upon the Notice being given, the other Shareholders (hereinafter in this Section 11.1 sometimes collectively referred to as the "Offerees" and sometimes individually referred to as an "Offeree") shall have the right to purchase all, but not less than all, of the Offered Shares for the Purchase Price. The Offerees shall be entitled to purchase the Offered Shares pro rata based upon the number of Shares beneficially owned by the Offerees or to purchase in such other proportion as the Offerees may agree in writing.

* 1. **Notice of Purchase and Additional Purchases**

1. Within TEN (10) Business Days of having been given the Notice, each Offeree desiring to purchase all of the Offered Shares that he is entitled to purchase in accordance with the provisions of Section 11.2 shall give notice to the Offeror and within TEN (10) days of the expiry, to the Corporation and to the other Offerees.
2. If any Offeree does not give such notice, the Offered Shares that he had been entitled to purchase (hereinafter in this Section 11.3 referred to as the "Rejected Shares") may instead be purchased by the Offerees who did give such notice, pro rata based upon the number of Shares beneficially owned by such Offerees as between themselves or in such other proportion as such Offerees may agree in writing, and, within FIVE (5) Business Days of the expiry of the TEN (10) Business Day period specified in this Section 11.3, each Offeree who desires to purchase all of the Rejected Shares that he is entitled to purchase in accordance with the provisions of this Section 11.3 shall give an additional notice to the Offeror, to the Corporation and to the other Offerees.
3. If any Offeree entitled to give the said additional notice does not do so, the Rejected Shares that he had been entitled to purchase may instead be purchased by the Offerees who did give such notice, and so on from time to time until the Offerees are willing to purchase all of the Offered Shares or until they are not willing to purchase any more.
4. If the Offerees are willing to purchase all, but not less than all, of the Offered Shares, the transaction of purchase and sale shall be completed in accordance with the terms set out in the Notice.
   1. **Default in Transferring Shares**

If the Offeror makes default in transferring the Offered Shares to the Offerees in accordance with the terms set out in the Notice, the Secretary of the Corporation is authorized and directed to receive the purchase money and to thereupon cause the names of the Offerees to be entered in the registers of the Corporation as the holders of the Shares purchasable by them. The said purchase money shall be held in trust by the Corporation on behalf of the Offeror and not commingled with the Corporation's assets, except that any interest thereon shall be for the account of the Corporation. The receipt by the Secretary of the Corporation for the purchase money shall be a good discharge to the Offerees and, after their names have been entered in the registers of the Corporation in exercise of the aforesaid power, the validity of the proceedings shall not be subject to question by any person. On such registration, the Offeror will then be entitled to receive, without interest, the purchase price received by the Secretary of the Corporation.

* 1. **What Shares can be Sold to Third Party**

If the Offerees do not give notice in accordance with the provisions of Section 11.3 that they are willing to purchase all of the Offered Shares, the rights of the Offerees, subject as hereinafter provided, to purchase the Offered Shares shall forthwith cease and determine and the Offeror may sell the Offered Shares to the third party purchaser within NINETY (90) days after the expiry of the TEN (10) Business Day period(s), as the case may be, specified in Section 11.3, for a price not less than the Purchase Price and on other terms no more favourable to such person than those set forth in the Notice, provided that the person to whom the Offeror's Shares are to be sold agrees prior to such transaction to be bound by this Agreement and to become a party hereto in place of the Offeror with respect to the Offered Shares. If the Offered Shares are not sold within such NINETY (90) day period on such terms, the rights of the Offerees pursuant to this Section 11.1 shall again take effect and so on from time to time.

**ARTICLE TWELVE**

**BUY/SELL PROVISIONS**

* 1. **Triggering Buy/Sell Provisions**

After the fifth year anniversary of the execution of this Agreement and, for greater clarity and certainty, this Article 12 shall not be effective during the first FIVE (5) years of this Agreement, any Shareholder has the right at any time to give notice (such notice being hereinafter in this Article Twelve referred to as the "Notice" and any Shareholder giving the Notice being hereinafter in this Article Twelve referred to as the "Offeror") to the other Shareholders (hereinafter in this Article Twelve sometimes collectively referred to as the "Offerees" and sometimes individually referred to as an "Offeree") and to the Corporation, which Notice shall contain the following:

(a) an offer by the Offeror to purchase all of the Shares beneficially owned by the Offerees (hereinafter in this Article Twelve referred to as an "Offer to Purchase");

(b) an offer by the Offeror to sell all of the Shares beneficially owned by the Offeror to the Offerees pro rata based upon the number of Shares beneficially owned by the Offerees (hereinafter in this Article Twelve referred to as an "Offer to Sell"); and

(c) the price to be paid for each Share pursuant to the Offer to Purchase and the Offer to Sell, which shall be the same for both Offers (such price being hereinafter in this Article Twelve referred to as the "Purchase Price").

* 1. **Time Limitation for Buy/Sell Decision**

Within TEN (10) Business Days of the Notice being given, each Offeree shall be entitled to accept either the Offer to Purchase or the Offer to Sell by giving notice of such acceptance to the Offeror, to the other Offeree and to the Corporation.

* 1. **Offer to Purchase Accepted**

If the Offerees both accept the Offer to Purchase, the Offerees shall sell and the Offeror shall purchase all of the Shares beneficially owned by each Offeree at the Purchase Price and the transaction of purchase and sale shall be completed within TWENTY (20) Business Days of the expiry of the TEN (10) Business Day period specified in Section 12.2 (the "Date of Closing"). The transaction shall be completed at the Corporation's registered office where delivery of the Shares shall be made by the Offerees with title, free and clear of all liens, charges and encumbrances, against payment by certified cheque by the Offeror.

* 1. **Offer to Sell Accepted**

If the Offerees both accept the Offer to Sell, the Offerees shall purchase, pro rata based upon the number of Shares beneficially owned by the Offerees, and the Offeror shall sell all of the Shares beneficially owned by the Offeror at the Purchase Price and the transaction of the purchase and sale shall be completed within TWENTY (20) Business Days of the expiry of the TEN (10) Business Day period specified in Section 12.2 (the "Date of Closing"). The transaction shall be completed at the Corporation's registered office where delivery of the Shares shall be made by the Offeror with good title, free and clear of all liens, charges and encumbrances, against payment by certified cheque by the Offerees.

* 1. **Where No Decision Received**

If any Offeree does not accept either the Offer to Purchase or the Offer to Sell within the TEN (10) Business Day period specified in Section 12.2, such Offeree shall be deemed to have accepted the Offer to Purchase of the Offeree and to have given notice of such acceptance pursuant to the provisions of Section 12.2 on the last Business Day upon which such notice may have been given.

* 1. **Conflicting Buy/Sell Decisions**

If one Offeree accepts or is deemed to have accepted the Offer to Purchase pursuant to the provisions of Section 12.3 or Section 12.5, respectively, (hereinafter in this Section 12.6 referred to as the "Selling Offeree") and the other Offeree accepts the Offer to Sell of the Offeror pursuant to the provisions of Section 12.4 (hereinafter in this Section 12.6 referred to as the "Purchasing Offeree"), the Purchasing Offeree shall be entitled to purchase the Shares beneficially owned by the Offeror and the Shares beneficially owned by the Selling Offeree by giving notice of the exercise of such right to the Offeror, to the Selling Offeree and to the Corporation within TEN (10) Business Days of the expiry of the TEN (10) Business Day period specified in Section 12.2 and, if the Purchasing Offeree gives notice pursuant to the provisions of this Section 12.6, the Offeror and the Selling Offeree shall sell the Shares beneficially owned by them to the Purchasing Offeree and such transaction of purchase and sale shall be completed within TWENTY (20) Business Days of the date upon which the Corporation was given such notice by the Purchasing Offeree. The transaction shall be completed at the Corporation's registered office where delivery of the Shares shall be made by the Offeror and the Selling Offeree with good title, free and clear of all liens, charges and encumbrances, against the payment by certified cheque by the Purchasing Offeree.

* 1. **Default in Transferring Shares**

If any Shareholder obligated to sell in accordance with the foregoing provisions of this Article Twelve (hereinafter in this Article Twelve referred to as the "Selling Shareholder") makes default in transferring all or any of his Shares to a Shareholder obligated to purchase in accordance with such foregoing provisions (hereinafter in this Article Twelve referred to as the "Purchasing Shareholder") as provided for in this Article Twelve, the Treasurer of the Corporation is authorized and directed to receive the purchase money and thereupon cause the name of the Purchasing Shareholder to be entered in the registers of the Corporation as the holder of the Shares purchasable by him. The said purchase money shall be held in trust by the Corporation on behalf of the Selling Shareholder and not commingled with the Corporation's assets, except that any interest accruing thereon shall be for the account of the Corporation. The receipt by the Treasurer of the Corporation for the purchase money shall be a good discharge to the Purchasing Shareholder and, after his name has been entered in the registers of the Corporation in exercise of the aforesaid power, the validity of the proceedings shall not be subject to question by any person. On such registration, the Selling Shareholder shall cease to have any right to or in respect of the Shares to be sold except the right to receive, without interest, the purchase price received by the Treasurer of the Corporation.

* 1. **Joint Notices**

TWO (2) of the Shareholders may jointly give a Notice to another Shareholder pursuant to the provisions of Section 12.1 and, in such event, the further provisions of this Article Twelve shall apply, mutatis mutandis, except that any Shares purchased by them pursuant to the provisions of this Article Twelve shall be purchased pro rata based upon the number of Shares beneficially owned by the Shareholders who gave the Notice.

* 1. **Joint Acceptances**

TWO (2) of the Shareholders may jointly accept the Offer to Sell pursuant to the provisions of Section 12.4 and, in such event, the further provisions of this Article Twelve shall apply, mutatis mutandis, except that the number of Shares to be purchased by each of them pursuant to the provisions of this Article Twelve may be set out in the notice given by them pursuant to the provisions of Section 12.2 and this Section 12.9, provided that the aggregate of such numbers equals the number of Shares beneficially owned by the Offeror.

* 1. **Article Twelve to Prevail over Article Eleven**

Where one or more Shareholders of the Corporation have given a notice to sell in accordance with the terms contained in Article Eleven of this Agreement, and where the Shares of the Corporation subject to the notice to sell have yet to be sold, and a Shareholder of the Corporation gives a notice in accordance with this Section, all rights and obligations of the parties pursuant to Article Eleven shall be suspended pending the resolution of all matters pursuant to this Article Twelve.

* 1. **Notice**

Any notice delivered pursuant to this Section 12.1 shall be delivered personally to the Shareholder, Corporation or other person to whom such Notice is addressed.

* 1. **Failure** **to** **Purchase**

If, on the Date of Closing, the Purchaser neglects or refuses to complete the transaction of purchase and sale herein contemplated, the Vendor shall have the right, without prejudice to any other rights which the Vendor may have, to give to the Purchaser, within FIVE (5) days of the Date of Closing, a notice that the Vendor (in this article, the "New Purchaser") intends to purchase from the Purchaser (in this Article, the "New Vendor") all of the Shares of the Corporation beneficially owned by the New Vendor at a purchase price for each share equal to two‑thirds of the price for such shares set forth in the Buy/Sell Notice (in this Article, the "New Purchase Price"). The resulting transaction of purchase and sale shall take place on the date which is FIFTEEN (15) days following the receipt or deemed receipt of the aforesaid notice (hereinafter referred to as the "New Date of Closing"). On the New Date of Closing, the New Vendor shall sell all of the Shares of the Corporation beneficially owned by him to the New Purchaser who shall purchase the same for the New Purchase Price, which shall be payable in accordance with the terms contained in this Article Twelve for the payment of the Purchase Price of the Purchased Shares.

* 1. **Death** **Prior** **to** **Closing**

If any individual Shareholder or Principal dies at any time following the date on which an offer (the "Accepted Offer") made pursuant to a Buy/Sell Notice has been accepted (in this Article, the "Acceptance Date") and before either the Date of Closing or the New Date of Closing of the related transaction of purchase and sale pursuant to the provisions of this Article Twelve, the provisions of Article Seven hereof shall apply and the provisions of this Article (save and except this Section) shall be suspended from the expiry of the period for acceptance of the offers contained in the Notice until the completion of the transaction pursuant to the provisions of Article Seven hereof, provided that if the deceased individual Shareholder, or the corporate Shareholder of which the deceased Principal was the Principal, would have been the only Purchaser pursuant to the terms hereof, the Notice shall be of no force and effect. Once the provisions of this Article are revived, the Date of Closing or the New Date of Closing in respect of the transaction of purchase and sale contemplated by the Accepted Offer shall be extended by a period equal to the period of suspension.

* 1. **Death** **of** **Shareholder** **or** **Principal** **Before** **Acceptance**

In the event of the death of any individual Shareholder or the Principal of a corporate Shareholder prior to the Acceptance Date in respect of a particular Notice, such Notice shall be of no force and effect.

* 1. **Disability** **of** **Offeror**

If an individual Shareholder or the Principal of a corporate Shareholder becomes a Disabled Party at any time after the giving of a particular Notice but before the date on which an Offeree shall have accepted an offer (an "Accepted Offer") contained in the Notice (the "Acceptance Date") then the provisions of Article Eight hereof shall apply and the provisions of this Article Twelve (save and except this Section) shall be suspended during the period of disability or until the completion of the transaction of purchase and sale pursuant to the provisions of such Article Eight. Once revived, the Date of Closing or the New Date of Closing in respect of the transaction of purchase and sale contemplated by the Accepted Offer shall be extended for a period equal to the period of suspension.

* 1. **Disability of Offeree**

If a Notice has been given and an individual Shareholder who is to be a purchaser or the Principal of a corporate Shareholder which is to be a purchaser becomes a Disabled Party, then such Notice shall be deemed not to have been given and, during the term of such disability, the provisions of this Article shall be suspended (save and except this Section) and the provisions of Article Eight hereof shall apply.

* 1. **Participation in Subsequent Transactions**

A party (hereinafter referred to as a "Selling Shareholder") whose shares (hereinafter referred to as the "Subject Shares") are acquired by another party hereto (hereinafter referred to as a "Purchasing Shareholder") pursuant to the rights conferred by this Article Twelve shall, in the event of a subsequent transfer (hereinafter referred to as a "Subsequent Transfer") to an arm's length third party (a "Subsequent Transferee") by the Purchasing Shareholder of the Subject Shares in the circumstances described below, be entitled to a portion of the difference between the price paid by the Purchasing Shareholder to the Selling Shareholder for the Subject Shares and the proceeds received by the Purchasing Shareholder from the Subsequent Transferee on the Subsequent Transfer, in accordance with the following:

(a) if an agreement (whether oral or in writing) between, inter alia, the Purchasing Shareholder and the Subsequent Transferee (or any person acting on behalf of or for the benefit of the Subsequent Transferee) providing for the Subsequent Transfer is entered into prior to or within TWO (2) months following the closing of the purchase by the Purchasing Shareholder from the Selling Shareholder of the Subject Shares, SEVENTY percent (70%);

(b) if an agreement (whether oral or in writing) between, inter alia, the Purchasing Shareholder and the Subsequent Transferee (or any person acting on behalf of or for the benefit of the Subsequent Transferee) providing for the Subsequent transfer is entered into more than TWO (2) months but less than FOUR (4) months following the closing of the purchase by the Purchasing Shareholder from the Selling Shareholder of the Subject Shares, SIXTY percent (60%); and

(c) if an agreement (whether oral or in writing) inter alia, the Purchasing Shareholder and the Subsequent Transferee (or any person acting on behalf of or for the benefit of the Subsequent Transferee) providing for the Subsequent Transfer is entered into more than FOUR (4) months but less than SIX (6) months following the closing of the purchase by the Purchasing Shareholder from the Selling Shareholder of the Subject Shares, FIFTY percent (50%).

* 1. **Documentation**

For the purposes of giving effect to the foregoing provisions of Section 12.17, any Purchasing Shareholder shall forthwith deliver to the relevant Selling Shareholder written notice of any agreement of the nature described in subsections 12.17(a), (b) or (c) entered into and of the completion of any Subsequent Transfer where any such agreement is entered into or such Subsequent Transfer is completed within one year following the closing of the purchase by the Purchasing Shareholder from the Selling Shareholder of the Subject Shares. Any payment required to be made by the Purchasing Shareholder to the Selling Shareholder pursuant to Section 12.17 shall be made not more than TWO (2) Business Days following completion of the Subsequent Transfer.

**ARTICLE THIRTEEN**

**PIGGYBACK RIGHTS**

* 1. **“Piggyback” Rights**

After the fifth year anniversary of the execution of this Agreement and, for greater clarity and certainty, this Article 13 shall not be effective during the first FIVE (5) years of this Agreement, in the event that an Offeror proposes to sell the Offered Shares to a third party pursuant to Article Eleven (hereinafter referred to as the "Third Party"), the Offeror shall, within THIRTY (30) days following the expiry of the TEN (10) Business Day Periods referred to in Section 11.3, give written notice (the "Piggyback Notice") of the identity of the Third Party and the price and other material terms of the transaction to the Offeree (a "Declining Offeree") that elected not to exercise its rights to purchase such Offered Shares. The Declining Offeree may, not later than TEN (10) Business Days after receipt of the Piggyback Notice, deliver to the Offeror a notice in writing invoking the provisions of this Article Thirteen (a "Piggyback Demand"). The delivery by the Declining Offeree of a Piggyback Demand shall be irrevocable and shall bind the Declining Offeree to sell all but not less than all of the Shares (the "Piggyback Shares") owned by the Declining Offeree, in accordance with the provisions of this Article Thirteen.

* 1. **“Piggyback Offer”**

If the Declining Offeree delivers a Piggyback Demand, then, before completing any sale, the Offeror shall cause the Third Party to deliver to the Declining Offeree a bona fide offer in writing (the "Piggyback Offer") to purchase from such Declining Offeree the Piggyback Shares. The Piggyback Offer will be binding upon the Third Party and shall contain only such terms and conditions as are identical to those upon which the Offeror proposes to sell to the Third Party the Offered Shares pursuant to Section 11.5, provided that the offer price per Piggyback Share, which shall be specified in the Piggyback Offer, shall be the same consideration as, or the cash equivalent of, the consideration per Offered Share at which the Offeror proposes to sell to the Third Party the Offered Shares pursuant to Section 11.5. The closing date and other closing arrangements for the purchase and sale transaction between the Declining Offeree and the Third Party shall be specified in the Piggyback Offer and shall be the same, mutatis mutandis, as those specified between the Third Party and the Offeror.

**ARTICLE FOURTEEN**

**VALUATION**

* 1. **Selection of Valuator**

The parties agree as follows:

1. For the purposes of Subsection 14.1(b), the "Selecting Party" shall mean the Shareholder(s) or Principal(s) of a corporate Shareholder(s), as the case may be, that has not triggered the valuation pursuant to Sections 7.2, 8.3, 9.3, 10.3 by becoming insolvent, disabled, deceased, a party to a *Family Law Act* application or proceeding or by the termination of Continuous Service Status. The Shareholder or Principal that has triggered the valuation pursuant to the aforesaid sections, or its representative in the case of a deceased Shareholder or Principal shall be hereinafter referred to as the “Valuation Shareholder”.
2. Where a valuation is triggered as contemplated by Sections 7.2, 8.3, 9.3 or 10.3 (hereinafter referred to as a "Triggering Event") as the case may be, the Selecting Party shall deliver within FIFTEEN (15) days of the Triggering Event a list setting forth the names of at least FOUR (4) firms with substantial experience in business valuation, and specifying the particular individual within each such firm to have responsibility for the determination of fair market value of the Purchased Shares (also referred to as the "Purchase Price"). The Valuation Shareholder shall, within FIFTEEN (15) Business Days following the receipt of such notice, by notice in writing to the Selecting Party, identify one of the firms on such list as the valuator for purposes of determining fair market value in accordance with this Article Fifteen or indicate in such notice that none of those firms is acceptable to it. If such Valuation Shareholder fails to give such notice within the FIFTEEN (15) Business Day period, the Selecting Party may, by notice in writing, identify one of such firms as the valuator for such purpose. If such Valuation Shareholder delivers notice to the effect that none of the identified firms is acceptable to it, either the Selecting Party or such Valuation Shareholder may apply to a judge of the Ontario Court of Justice (General Division) to select a valuator. The firm identified as the valuator in accordance with the foregoing provisions of this Section 14.1 is hereinafter referred to as the "Valuator". The Shareholders and each of the Principals shall jointly retain the Valuator to determine the fair market value, as at the date of the Triggering Event (the "Relevant Date"), of the issued and outstanding shares of the Corporation, applying such principles of valuation as the Valuator considers appropriate in the circumstances provided that, in examining the Corporation for the purposes of determining fair market value of such Purchased Shares for the purposes of this Agreement, the Valuator shall consider the Corporation on a going‑concern and "stand alone" basis.
   1. **Co‑operation and Delivery of Valuation**

If necessary, in preparing such valuation, the Valuator shall be entitled to engage the services of such professional valuators or appraisers as the Valuator, in its absolute and unfettered discretion, considers necessary or desirable to perform valuations or appraisals of one or more of the assets of the Corporation. Each of the parties hereto shall in all respects co‑operate with the Valuator in the determination of fair market value of the issued and outstanding Shares of the Corporation. In particular, each of the parties shall make available to the Valuator all such documents and information with respect to the affairs of the Companies as the Valuator may reasonably require to make its determination of such fair market value, and shall make their personnel available at all reasonable times to assist in such determination. Within FORTY-FIVE (45) Business Days following its appointment, the Valuator shall provide the Selecting Party, the Valuation Shareholder and the Corporation with its determination of fair market value as at the Relevant Date. If the Valuator specifies a range of values for the fair market value, the fair market value shall be the mid‑point of the range.

* 1. **No Appeal of Valuation**

The valuation of the issued and outstanding Shares as determined by the Valuator shall be final and binding on all parties and there shall be no appeal from the valuation determined by the Valuator.

* 1. **Fair Market Value**

Except as otherwise expressly provided herein, for all purposes of this Agreement, "Fair Market Value" shall mean the fair market value of all the issued and outstanding Shares of the Corporation as at the Relevant Date as determined by agreement of the relevant parties or, in the absence of such agreement, as determined by the Valuator in accordance with the provisions of this Article Fifteen. For all purposes of this Agreement, the Fair Market Value of a Purchased Share (as such term is used in Articles Seven and Eight) shall be determined by dividing the Fair Market Value of all the issued and outstanding Shares of the Corporation as at the Relevant Date by the sum of: (a) the number of Shares of the Corporation issued and outstanding as at the Relevant Date; and (b) the number of Shares of the Corporation that would have been issued on the conversion or exchange into or for Shares of the Corporation or exercise of all securities issued and outstanding as at the Relevant Date that were convertible, exchangeable or carried the right to subscribe for Shares of the Corporation whether or not such other securities were convertible, exchangeable or carried the right to subscribe for Shares of the Corporation as at the Relevant Date.

* 1. **Fees and Disbursements**

All fees, disbursements and other costs and expenses associated with the determination of Fair Market Value by the Valuator in accordance with the provisions of this Article Fifteen shall be borne by the Shareholders of the Corporation (including a deceased or disabled Shareholder) in proportion to the number of fully participating shares held by each Shareholder.

**ARTICLE FIFTEEN**

**INSURANCE**

* 1. The Corporation shall maintain in full force and effect until the death of any Shareholder, or until the prior sale of all the Shares held by the Shareholder, life insurance coverage on each of the Shareholders in the amount of {{ currency(minimum\_amount\_of\_life\_insurance) }} or such other amount the Shareholders shall agree upon, under which coverage the Corporation will be the first designated beneficiary and each Shareholder’s estate (or other named person) shall be the second designated beneficiary. The Corporation’s insurable interest and the accompanying amount of insurance proceeds which the Corporation shall be entitled to receive shall be equal to the Purchase Price, as defined in Article 7.
  2. Upon the death of any of the Shareholders, the Corporation shall apply the proceeds received under the insurance coverage described in Section 16.l above in accordance with the provisions of Article 7. Any proceeds received by the Corporation from the said insurance in excess of the amount required by the provisions of Article 7 shall be paid to the second designated beneficiary.
  3. Upon the termination of this Agreement for any reason, whether in whole or as it may apply to a particular party hereto, the Corporation shall forthwith offer to assign, transfer and set over to the party in respect of whom this Agreement has been terminated (hereinafter referred to as the “Terminating Party”) the right, title and interest of the Corporation in and to the insurance policy or policies insuring the life of the Terminating Party for a price equal to the aggregate of the cash surrender value, if any, and of any accumulated dividends or other distribution on such insurance policy or policies, plus the unused portion of the last premium paid thereon as determined by the insurer, or the sum of ONE ($1.00) DOLLAR, whichever is the greater as of a date immediately prior to the termination of this Agreement vis-a-vis the Terminating Party. Upon payment of such price by the Terminating Party to the Corporation, the Corporation shall forthwith assign, transfer and set over unto the Terminating Party all such rights, title and interest in and to said insurance policy or policies and deliver the same to the Terminating Party. Should the Terminating Party not decide within a period of sixty (60) days from the date of the said offer by the Corporation to acquire the said insurance policy or policies, the said offer shall lapse and be null and void and the Corporation shall forthwith surrender the policy or policies to the insurer for the cash surrender value thereof together with the amount of any accumulated dividends or other distribution thereon, which when received shall be retained by the Corporation.

**ARTICLE SIXTEEN**

**GENERAL SALE PROVISIONS**

* 1. **Application of General Sale Provisions**

Except as may otherwise be provided in this Agreement, the provisions of this Article Seventeen shall apply to any sale of shares of the Corporation pursuant to Articles Seven, Eight, Nine, Ten, Eleven and Twelve hereof, mutatis mutandis.

* 1. **Requirements of Vendor**

On the Date of Closing, as defined in this Agreement, the Shareholder selling its shares of the Corporation pursuant to the terms of this Agreement (also hereinafter referred to as a "Vendor") shall:

(a) deliver to the Corporation signed resignations of the Vendor, its Principal and his nominees, if any, as a director, officer and employee of the Corporation, as the case may be;

(b) the Vendor shall deliver or cause to be delivered to the Purchaser(s) the certificate(s) representing the Purchased Shares, duly endorsed by the Vendor for transfer or accompanied by appropriate transfers duly executed by the Vendor, together with a representation and warranty executed by the Vendor in favour of the Purchaser(s) that the Purchased Shares are owned of record and beneficially by the Vendor with a good and marketable title thereto, free and clear of any mortgage, lien, charge, pledge, hypothecation, security interest, encumbrance, restriction, covenant, right, demand or adverse claim of any kind;

(c) deliver to the Corporation a release by each of the Vendor, its Principal and his nominees, if any, of all his claims against the Corporation with respect to any matter or thing arising up to and including the Date of Closing which the Vendor, its Principal or any such nominee knew or ought to have known in his capacity as a director, officer, shareholder, employee or creditor of the Corporation, or as a party to this agreement, as the case may be, provided however, that such release shall not relate to any indebtedness of the Corporation to the Vendor being purchased by the Purchaser hereunder or any indebtedness of the Corporation on account of accrued and unpaid salary, expenses, pension or other employee benefits or any claims which might arise out of the transactions of purchase and sale herein contemplated;

(d) deliver to the Shareholder(s) purchasing the Vendor's shares of the Corporation, their Principal(s), the Purchaser(s)' nominees, all directors of the Corporation and all other parties to this agreement, other than the Corporation, a release by the Vendor, its Principal and each of his nominees, if any, of all of his claims against such parties relating to matters the Vendor, its Principal or any such nominee knew or ought to have known in his capacity as a shareholder, director or officer of the Corporation or as a party to this agreement, except for any claims which might arise out of the transactions of purchase and sale herein contemplated.

* 1. **Requirements of Purchaser**

On the Date of Closing, the Shareholder(s) purchasing the Vendor's Shares of the Corporation (hereinafter referred to as the "Purchaser(s)") shall:

(a) Deliver to the Vendor, its Principal and his nominees, if any, a release by the Purchaser(s) and their nominees, if any, with respect to those matters which any of the Purchaser(s) or their nominees knew or ought to have known in their capacity as a Director, Officer or Shareholder of the Corporation, or as a party to this Agreement, of their claims against each of the Vendor, its Principal and his nominees, if any, in his capacity as a Shareholder, Director or Officer of the Corporation, except for any claims which may arise out of the transactions of purchase and sale herein contemplated; and

(b) cause the Corporation to deliver to the Vendor, its Principal and his nominees, if any a release by the Corporation of all its claims against the Vendor, its Principal and his nominees, if any with respect to any matter or thing which the books and records of the Corporation reflect or which was done in the ordinary course of the Corporation's business and arising as a result of the Vendor or any such nominee being a Shareholder, Director, Officer or Employee of the Corporation, as the case may be.

* 1. **Repayment of Debts**

If, on the Date of Closing, there is no Event of Default by the Vendor, and the Corporation is indebted to the Vendor in an amount recorded on the books of the Corporation and verified by the accountant of the Corporation, the Corporation shall repay such amount to the Vendor on the Date of Closing. If, on the Closing Date, the Vendor is indebted to the Corporation in an amount recorded on the books of the Corporation and verified by the accountant of the Corporation, the Vendor will repay such amount to the Corporation on the Date of Closing and, if the Vendor fails to make such repayment, the Purchaser will 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 will be reduced accordingly.

* 1. **Failure to Complete Transaction**

If the Vendor is not present on the Date of Closing, or is present but fails for any reason whatsoever to comply with Section 17.2 or any other relevant requirements hereof, in addition to and without limitation to any other rights it may have at law, the Purchaser(s) may make payment of the amount payable pursuant to Articles Seven, Eight, Nine, Ten, Eleven or Twelve as the case may be by depositing such amount into a special interest‑bearing account at a branch of the Corporation's bankers in the name of the Vendor. Such deposit shall constitute valid and effective payment of such amount to the Vendor, even though the Vendor has voluntarily encumbered or disposed of any of the Shares of the Corporation to be sold to the Vendor to be so assigned and notwithstanding the fact that a certificate or certificates representing any such Shares of the Corporation may have been delivered to any pledgee, transferee or other person.

* 1. **Promissory Note**

On the Date of Closing, the Purchaser(s) shall deliver to the Vendor a non‑negotiable promissory note as evidence of the unpaid balance of the purchase price for the Purchased Shares and the terms of payment thereof, in a form reasonably satisfactory to the Vendor.

* 1. **Prepayment**

If not in default hereunder, the Purchaser(s) shall have the privilege of prepaying the whole or any part of the unpaid balance of the purchase price for the Purchased Shares at any time or times, without notice or bonus, upon paying accrued interest to the date of prepayment. Any and all prepayments shall be applied against instalments of the unpaid balance of the said purchase price in reverse order of maturity.

* 1. **Default in Payment**

If the Purchaser defaults in any payment of the unpaid balance of the purchase price for the Purchased Shares or in the performance of any covenant then, without prejudice to any other rights which the Vendor may have, the whole unpaid balance of such purchase price shall, at the option of the Vendor exercised by the giving of written notice to that effect to the Purchaser, immediately be accelerated and become due and payable in full.

* 1. **Covenants of the Parties**

From and after the occurrence of an event giving rise to a transaction of purchase and sale to which this Article applies until the Date of Closing, the Shareholders shall not do, nor cause, nor permit to be done anything except that which is in the ordinary course of business of the Corporation. Further, the parties hereto covenant and agree that from and after the occurrence of an event giving rise to a transaction of purchase and sale pursuant to the terms hereof, they shall do all things necessary or desirable to cause the transaction of purchase and sale to be completed as soon as possible.

* 1. **No Joint Liability**

For greater certainty, the parties hereto acknowledge and agree that the Purchasers in any transaction of purchase and sale contemplated in this agreement are not jointly liable for the payment of the purchase price for the Purchased Shares but are only liable for their proportionate share thereof.

* 1. **Payments Required by Vendor**

From and after the Date of Closing of any transaction of purchase and sale to which this Article applies, the Vendor covenants and agrees to pay to the Purchaser(s) forthwith upon demand (and the Purchaser(s) has the right to set‑off any amount owing to it hereunder against any balance of the purchase price for the Purchased Shares) a proportionate amount of the following amounts, the proportion to be equal to the ratio which the number of fully‑participating Shares of the Corporation sold by the Vendor to the Purchaser(s) bear(s) to the total number of issued and outstanding fully‑participating Shares of the Corporation at the time of such sale:

(a) Any and all debts, liabilities and contracts, whether contingent or otherwise (including any liability for federal, provincial, sales, excise, income or other taxes of the Corporation) either (i) existing on the Date of Closing or incurred prior to that time and not disclosed in or included in the most recent financial statements of the Corporation; or (ii) incurred since the date of such financial statements in respect of the period prior to the Date of Closing by the Corporation other than in the ordinary course of business and not incurred solely as a result of the action or lack of action of the Purchaser(s); and

(b) an amount equal to any assessment or re‑assessment for income tax, sales tax or any other governmental levies or duties plus any interest and penalties for any period up to the Date of Closing, provided that such assessment or re‑assessment has not been caused solely by the actions or inactions of the Purchaser(s) and provided that the amount thereof is not reflected in the most recent financial statements of the Corporation.

* 1. **Date of Closing**

For the purposes of this Agreement the closing of any transaction of purchase and sale contemplated in Articles Seven, Eight, Nine, Ten, Eleven, Twelve or Fourteen shall take place at the offices of the solicitors for the Purchaser(s) at 3:00 p.m. on the Date of Closing or at a place and time as otherwise mutually agreed by the parties.

**ARTICLE SEVENTEEN**

**DISPUTE RESOLUTION**

1. 1. **Facilitator**

The parties acknowledge and agree that any disagreement which may arise under this Agreement which the parties are unable to resolve, will firstly be submitted to a trusted third party advisor acceptable to the Parties, and such advisor will be called upon and consulted as a facilitator in order to help resolve the issue(s).

* 1. **Mediation**

In the event that any disagreement arises between the parties hereto with reference to this Agreement or any matter arising hereunder and upon which the parties cannot agree, then every such disagreement shall be referred first and foremost to mediation. The parties agree that any such disagreement will first be submitted to a single mediator, chosen jointly by the parties, for mediation to be held in the City of Ottawa. All costs for the mediation shall be paid by the parties on a pro rata basis to their Proportionate Shareholdings in the Corporation. Time will be of the essence in any mediation, and the parties agree to act commercially reasonable in the execution of their obligations pursuant to this Section 18.2. All objects of mediation, statements, claims, offers, results or other information disclosed or discovered through mediation shall remain strictly confidential and will be precluded from any subsequent proceedings, unless expressly authorized in writing by all parties.

* 1. **Arbitration**

The parties acknowledge and agree that any disagreement which may arise under this Agreement and that remains unresolved subsequent to having been submitted to mediation pursuant to Section 0 shall be referred toarbitration pursuant to the provisions of the *Arbitration Act, 1991, S.O. 1991, c. 17*, and that the following provisions shall govern any arbitration thereunder.

* + - 1. For the purposes of this Section 18.3, the disagreement shall be determined through arbitration by a single arbitrator who shall be selected by agreement of all parties, and failing such agreement the arbitrator shall be selected in accordance with the *Arbitration Act*.

The time allowed for the making of an award shall, notwithstanding the provisions of the *Arbitration Act, 1991, S.O. 1991, c.17*, be limited to THIRTY (30) clear days, and if the arbitrator has allowed this time to expire without making an award, any party to the arbitration may apply to the Superior Court of Justice (Ontario) or to a judge thereof to appoint an umpire who shall have the like power to act in the reference and to make an award as if he had been duly appointed by all the parties to the submission and by the consent of all the parties who originally appointed the arbitrator thereto;

If an umpire is appointed pursuant to the foregoing Section 18.30, such umpire shall make his award within thirty (30) days after the original time appointed for making the award of the arbitrator has expired or on or before any later date to which the parties to the reference by a writing signed by them may from time to time agree upon, or if the parties have not agreed, then within such time as the Court or a judge appointing such arbitrator may deem proper;

If the arbitration or any negotiation or mediation is admissible in any legal proceeding, no evidence of anything said or of any admission or communication made in the course is admissible except with the written consent of all of the parties hereto.

* 1. **No Appeal**

There shall be no appeal from the award of the arbitrator, or umpire, as the case maybe.

**ARTICLE EIGHTEEN**

**NON-COMPETITION/NON-SOLICITATION/CONFIDENTIALITY**

* 1. **Shareholder and Principal Covenants**

Each Shareholder and Principal covenants and agree with the other parties bound hereby and with the Corporation:

1. that he will not, while he is a Shareholder and while the Shareholder of which he is the Principal is a Shareholder, as the case may be, and for a period of FIVE (5) year thereafter (without the prior written consent of the Corporation and the other parties bound hereby), directly or indirectly, in any manner whatsoever, including, without limitation, either individually or in partnership or jointly, or in conjunction with any other person as principal, agent, shareholder, employee or in any other manner whatsoever, carry on or be engaged in the business carried on by the Corporation as of the date of this Agreement (a "Competitive Business"), or be concerned with or interested in or lend money to, guarantee the debts or obligations of or permit his name or any part thereof to be used by any person engaged or concerned with or interested in a Competitive Business within Ontario; and
2. that he will not (without the prior written consent of the Corporation and the other parties bound hereby), so long as he is a Shareholder and so long as the Shareholder of which he is the Principal is a Shareholder, as the case may be, and for a period of FIVE (5) year thereafter
   * 1. divulge to any person the name of any customer or client of the Corporation;
     2. knowingly solicit, interfere with or endeavour to entice away from the Corporation any customer, client or any person in the habit of dealing with the Corporation; and
     3. interfere with or knowingly entice away or otherwise attempt to obtain the withdrawal of any employee of the Corporation.

The Corporation may apply for or have an injunction restraining breach or threatened breach of the covenants herein contained.

* 1. **Confidentiality**

All confidential records, material and information and copies thereof, and all trade secrets (and without restricting the generality of the foregoing, including inventions, discoveries and methods of processing and production) concerning the business or affairs of the Corporation (collectively, "Proprietary Information") shall remain the exclusive property of the Corporation. While a Shareholder of the Corporation and for an indefinite period thereafter, the Shareholder(s) and their Principals, as the case may be, shall not divulge the contents of such Proprietary Information to any person (except the Corporation, the Corporation's qualified employees or the Corporation's accountants), and the Shareholder(s) and Principals shall not, at any time, use the contents of such Proprietary Information for any purpose whatsoever, except for the exclusive benefit of the Corporation.

For the purposes hereof, "confidential records, material and information" includes information known or used by the Corporation in connection with its business, including but not limited to any formula, design, prototype, compilation of information, data, program, code, method, technique or process, information relating to any product, device, equipment or machine, information about or relating to the Corporation's customers and the Corporation's markets and marketing plans, present and future, information about or relating to the Corporation's potential business ventures, financial information of all kinds relating to the Corporation and its activities, all inventions, ideas, and related material, but does not include any of the foregoing which was known to the Shareholder or Principal of the Shareholder, as the case may be, prior to the shareholder becoming a shareholder of the Corporation or which is or becomes a matter of public knowledge.

* 1. **Shareholder Acknowledgment**

The covenants made in Article Nineteen hereof are made by each Shareholder and Principal acknowledging that they have specific knowledge of the affairs of the Corporation and that the Corporation carries on and intends to carry on business throughout the geographic area specified in Article Nineteen hereof. If any of the covenants therein contained shall be held unreasonable by reason of the area, duration or type or scope of service covered by the said covenant, then the said covenant shall be given effect to in such reduced form as may be decided by any court of competent jurisdiction. Each Shareholder and Principal hereby acknowledges that all restrictions hereinbefore contained are reasonable and valid and all defences to the strict enforcement of all or any portion thereof are hereby waived. In the event that any clause or portion of any such covenant should be unenforceable or declared invalid for any reason whatsoever, such unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of the covenant or of this Agreement and such unenforceable or invalid portion shall be severable from the remainder of this Agreement.

* 1. **Protection of Personal Information and Consents to Use of Personal Information**

1. The parties hereto recognize that any information concerning the principals, and the officers and directors of the corporation may be subject to the requirements of the *Personal Information Protection and Electronic Documents Act*, 2000, c. 5 and other laws governing privacy.
2. The Corporation, the Shareholders and the Principals for themselves as principals, as the owners of the Shareholders, and to the extent that they are officers and directors of the Corporation, as officers and directors of the Corporation hereby consent to the collection, use and disclosure of the information about them as may be required for the following purposes, in order facilitate the purposes of this agreement and facilitate and promote the ongoing business operations of the Corporation:
   1. For reporting purposes to any trade or professional association governing the Corporation or any investigative body having authority over the Corporation to the extent that such information is required to be reported to such association or body;
   2. As required by law;
   3. As required in order to obtain financing for the Corporation;
   4. As required to obtain business contracts for the Corporation;
   5. In connection with any proposed sale of shares of the Corporation or of substantially all of the assets of the Corporation to any third party in accordance with the terms of this Agreement;
   6. In connection with obtaining employee benefits, in obtaining insurance as required by this agreement;
   7. In connection with any outsourcing of information by the corporation to third party suppliers of information processing services, including, without limitation, payroll, health benefits, insurance and pension plan benefits to the extent necessary to provide such services.
   8. For the internal operational purpose of the Corporation and to facilitate communications between the Principals, the Shareholders and the Corporation;
   9. For any purpose required or permitted under the *Personal Information Protection and Electronic Documents Act*, 2000, c. 5; and
   10. To the individual to whom the information relates or to any other party with the consent of that individual subject to and in accordance with the terms of the *Personal Information Protection and Electronic Documents Act*, 2000, c. 5.
   11. **Privacy and Personal Information**

Each of the Parties hereto acknowledges that through contact with the other Parties hereto, in the course of performing its duties contemplated by this Agreement, it will become aware of Personal Information (as such term is defined in the *Personal Information Protection and Electronic Documents Act*, 2000, c.5) of the parties hereto who are individuals and Personal Information of other individuals for which the parties hereto are responsible.

Except as expressly permitted in section 19.4 of this Agreement, each of the parties hereto agrees and covenants with each of the parties hereto that it will not, without the prior written consent of such other party, disclose or make available the Personal Information of such other Party or any portion thereof to any other person or entity except for designated employees or agents of the disclosing party who have a need to access the Personal Information in connection with the use thereof for the purposes of the Corporation or for the purposes directly related to fulfilling or complying with the terms of this Agreement, or other parties with the specific prior written authorization of the party who is responsible for such Personal Information. No employee or agent shall be designated to access the Personal Information unless such employee agrees to hold the Personal Information in confidence and limit use of the Personal Information to the uses permitted hereby in accordance with a written covenant at least as restrictive as the covenant given by the respective party contained in this section 19.5.

Each party agrees that the Personal Information provided to it by the other parties shall only be used for such purposes as are specified by herein that such party shall not sell, trade, barter, disclose or transfer such Personal Information to any other party or to use the Personal Information for any other purpose other than the purposes permitted by this Agreement. Each party will follow all rules and regulations of the party who is responsible for the Personal Information disclosed or transferred to it by any other party to this Agreement from time to time with respect to use, retention and destruction of Personal Information for which that other party is responsible.

From time to time, the parties hereto shall execute such further agreements to hold in confidence Personal Information of others disclosed or transferred to such party by the Corporation as may be required by the Corporation.

**ARTICLE NINETEEN**

**PRINCIPAL GUARANTEE**

* 1. **Guarantee**

Each Principal hereby unconditionally guarantees that the Shareholder of which he is the Principal will duly and punctually observe and perform all of the covenants and obligations on its part to be observed and performed pursuant to the provisions of this Agreement or pursuant to any instrument or agreement delivered pursuant to or contemplated by this Agreement and hereby undertakes and agrees to indemnify and save harmless the other Shareholders and Principals from and against all liability, harm, loss, costs, charges, damages and expenses of any nature whatsoever (including legal fees on a solicitor and client basis) occasioned by any act or default of the Shareholder of which he is the Principal contrary to such covenants and obligations or which may be incurred, suffered or sustained by reason of any failure to observe and perform all or any of such covenants and obligations.

* 1. **Continuing Guarantee**

This guarantee shall be continuing, unconditional and irrevocable and a fresh cause of action shall be deemed to arise in respect of each such default. Without limiting the generality of the foregoing, the obligations of each Principal hereunder shall not be released, discharged, impaired or in any way affected by any extensions of time, indulgences or modifications granted by any party in favour of another, to enforce any of the terms or provisions of this Agreement or by the bankruptcy, insolvency, dissolution, amalgamation, winding‑up or reorganization of the Corporation, or the Shareholder of which he is the Principal or by any other act or proceeding in relation to the Corporation, the Shareholder of which he is the Principal or this Agreement whereby the Principal might otherwise be released or exonerated, and each Principal hereby waives any right to require the Shareholders and Principals to exercise or exhaust any action or recourse against any other party before requiring performance by such Principal pursuant to this guarantee.

**ARTICLE TWENTY**

**UNANIMOUS SHAREHOLDERS' AGREEMENT**

* 1. **Removal of Directors' Powers, Duties, etc**.

So long as this Agreement is in force, and to the extent that this Agreement specifies that any matters may only be or shall be dealt with or approved by or shall require action by the shareholders, the Directors of the Corporation shall be relieved of all of their rights, duties, powers, obligations and discretions as directors with respect to the management of the business and affairs of the Corporation including, without limitation, all of their rights, duties, powers, obligations and discretions as directors pursuant to the provisions of the Corporation's incorporating statute and all such rights, duties, powers, obligations and discretions removed from the Directors shall be entrusted to the Shareholders. This Agreement shall be deemed to be a unanimous shareholder agreement pursuant to the Act.

* 1. **Article Three Not to be Changed**

Article Three and this Article shall not be amended, altered, qualified or terminated unless and until THIRTY (30) days' prior written notice shall have been given to all of the Directors and Shareholders of the Corporation by registered mail addressed to their latest address as shown in the records of the Corporation, and all of the Directors and Shareholders of the Corporation have given their prior written consent to such amendment, alteration, qualification or termination.

**ARTICLE TWENTY-ONE**

**GENERAL CONTRACT PROVISIONS**

* 1. **Share Certificate Endorsement**

All share certificates of the Corporation shall have the following legend endorsed thereon forthwith after the execution of this Agreement and from time to time thereafter:

“The share(s) represented by this certificate are subject to the terms and conditions of an Agreement dated the {{ ordinal(effective\_date.format('d'), use\_word=False) }} day of {{ effective\_date.format('MMMM') }} {{ effective\_date.format('yyyy') }}, and are not transferable except in compliance with the terms and conditions of the said Agreement, a copy of which is on file at the registered office of the Corporation.”

* 1. **Notices**

All notices, requests, consents, claims, demands, waivers and other communications hereunder (each, a "Notice") shall be in writing and addressed to the parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the receiving party from time to time in accordance with this Section). All Notices shall be delivered by personal delivery, nationally recognized overnight courier (with all fees pre-paid), facsimile [or e-mail of a PDF document] (with confirmation of transmission) or certified or registered mail (in each case, return receipt requested, postage prepaid). Except as otherwise provided in this Agreement, a Notice is effective only (a) upon receipt by the receiving party, and (b) if the party giving the Notice has complied with the requirements of this Section.

* 1. **Additional Documents**

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

* 1. **Counterparts**

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

* 1. **Time of the Essence**

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

* 1. **Entire Agreement**

This agreement constitutes the entire Agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto. The Schedules referred to herein are incorporated herein by reference and form part of the Agreement.

* 1. **Enurement**

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

* 1. **Currency**

Unless otherwise provided for herein, all monetary amounts referred to herein shall refer to the lawful money of Canada.

* 1. **Headings for Convenience Only**

The division of this Agreement into articles and sections is for convenience of reference only and shall not affect the interpretation or construction of this Agreement.

* 1. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties hereto agrees irrevocably to conform to the non‑exclusive jurisdiction of the Courts of such Province.

* 1. **Gender**

In this Agreement, words importing the singular number shall include the plural and vice versa, and words importing the use of any gender shall include the masculine, feminine and neuter genders and the word "person" shall include an individual, a trust, a partnership, a body corporate, an association or other incorporated or unincorporated organization or entity.

* 1. **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 not a Business Day, then the time period in question shall end on the first business day following such non‑business day.

* 1. **Legislation References**

Any references in this Agreement 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.

* 1. **Extended Meaning of "Shares"**

Any reference to Shares of the Corporation means Shares in the capital of the Corporation, as such Shares exist at the close of business on the date of execution and delivery of this Agreement; provided that in the event of a subdivision, redivision, reduction, combination or consolidation, then a reference to Shares of the Corporation shall thereafter mean the Shares resulting from such subdivision, redivision, reduction, combination or consolidation.

* 1. **Severability**

If any Article, Section or any portion of any Section of this Agreement is determined to be unenforceable or invalid for any reason whatsoever that unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of this Agreement and such unenforceable or invalid Article, Section or portion thereof shall be severed from the remainder of this Agreement.

* 1. **Termination of Prior Agreements**

All Agreements among some or all of the parties hereto regarding the organization and affairs of the Corporation and/or the sale of any Shareholder's Shares of the Corporation under certain circumstances, whether written or oral, are hereby terminated.

* 1. **Conflict with Articles and By-Laws**

In the event of any conflict or inconsistency between this Agreement and the articles and By-Laws of the Corporation, in effect from time to time, this Agreement shall prevail to the extent of the conflict or inconsistency, and the parties to this Agreement shall take all necessary steps to amend the articles and By-Laws of the Corporation to eliminate such conflict or inconsistency.

* 1. **Recitals**

The recitals form part of this Agreement as if repeated herein at length.

* 1. **Contra Proferentum**

Each and every provision of this Agreement shall be construed as though the parties participated equally in the drafting of same and any rule of construction that a document be construed against the drafting party, including without limitation the doctrine commonly known as contra proferentem, shall not be applicable to this Agreement.

* 1. **Electronic Signatures and Electronic Delivery**

Each party agrees that electronic signatures, whether digital or encrypted, of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record[, including facsimile or email electronic signatures]. Delivery of an executed copy of this Agreement by facsimile or electronic transmission constitutes valid and effective delivery.

* 1. **Termination of this Agreement**

This Agreement shall terminate upon any of the following:

1. The Corporation is wound-up, liquidated or dissolved, either voluntarily or involuntarily;
2. Any of the Shareholders becomes the sole Shareholder of the Corporation; or
3. This Agreement is terminated by written agreement of all Shareholders.
   1. **Independent Legal Advice**

The parties hereto each acknowledge and agree that they:

1. have had, or had the opportunity to obtain, independent legal advice;
2. understand their rights and obligations under this Agreement;
3. are signing this Agreement voluntarily, and
4. release each other and Halcyon Legal Professional Corporation of any claim whatsoever which may be solely or partly based on an allegation that any of the parties were under any notion or belief that Halcyon Legal Professional Corporation was or is in a conflict of interest or acted in any manner on their behalf or in any fiduciary capacity on their behalf or that they failed to obtain independent legal advice. This release shall be a full and final release in connection with the subject matter hereof.

Each party to this Agreement will sign one of the statements set-out at Schedule A attached hereto.

**IN WITNESS WHEREOF**, the parties have executed this Agreement effective the date first mentioned above.

|  |  |  |
| --- | --- | --- |
| {%tr if shareholder | length >= 1 %} | | |
|  |  |  |
| Witness to the signature of {% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} |  | {% if shareholder[0].type == “individual” %}{{ shareholder[0].first\_name.upper() }}{% else %}{{ shareholder[0].business\_name }}{% endif %} |
| {%tr endif %} | | |
| {%tr if shareholder | length >= 2 %} | | |
|  |  |  |
| Witness to the signature of {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} |  | {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} |
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| {%tr if shareholder | length >= 3 %} | | |
|  |  |  |
| Witness to the signature of {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} |  | {% if shareholder[1].type == “individual” %}{{ shareholder[1].first\_name.upper() }}{% else %}{{ shareholder[1].business\_name }}{% endif %} |
| {%tr endif %} | | |