SHAREHOLDER AGREEMENT

THIS AGREEMENT made , Year ;

BETWEEN:

HARRY HENDERSON (“Henderson”)

- and -

BARBARA YOUNG (“Young”)

- and -

GRAHAM SMITH (“Smith”)

- and -

MAGNUS CHEMICALS LIMITED (the “Corporation”)

The Shareholders and the Corporation entered into this Agreement to provide for the operation of the Corporation;

The authorized capital of the Corporation consists of an unlimited number of common shares, of which 500,000 are issued; and an unlimited number of preference shares, of which 500,000 are issued;

All of the issued shares of the corporation are owned by Henderson, Young and Smith as

follows:

Shareholder Common Shares Preference Shares

Henderson 250,000 50,000

Young 250,000 nil

Smith nil 450,000

The parties agree as follows:

**ARTICLE ONE – INTERPRETATION**

**1.01 Definitions**

In this Agreement,

(a) "Agreement" means this agreement and all written schedules and amendments made between the Shareholders and the corporation;

(b) "Act" means the Ontario Business Corporations Act, as amended, re-enacted or replaced;

(c) "Business Day" means a day other than a Saturday, Sunday or a statutory holiday in

Ontario;

(d) "Shares" means the shares of the Corporation that the Shareholders own; and

(e) "Shareholders" means Henderson, Young and Smith and any other persons who may become parties to this Agreement and "Shareholder" means any one of these persons, individually.

**1.02 Sections and Headings**

The insertion of sections and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

**1.03 Unanimous Shareholder Agreement**

The discretion and powers of the directors to manage the affairs of the Corporation are restricted by this Agreement where it specifies that any matter requires action by or approval of the Shareholders.

**ARTICLE TWO – MANAGEMENT**

**2.01 Directors**

The board of directors of the Corporation shall consist of two directors and Henderson and Young shall be the directors of the Corporation, unless all of the Shareholders elect or appoint another person to be a director or consent in writing to another person being elected or appointed and a copy of the consent is filed with the Corporation.

**2.02 Auditor**

The directors shall appoint the auditor of the Corporation annually.

**OR**

**2.02 Exemption From Audit**

The Shareholders shall in each financial year of the Corporation consent to exempt the Corporation from the requirement to appoint an auditor of the Corporation pursuant to the provisions of the Act.

**2.03 Approval of Matters**

None of the following actions:

(a) changing the articles or by-laws of the Corporation;

(b) changing the authorized or issued capital of the Corporation;

(c) entering into any agreement or making any offer or granting any right capable of becoming an agreement to allot or issue any shares of the Corporation;

(d) taking any action which may lead to or result in a material change in the nature of the business of the Corporation;

(e) entering into any agreement other than in the ordinary course of the Corporation’s business;

(f) borrowing any money, giving any security or making or incurring any single capital expenditure in excess of $10,000 or any capital expenditures in excess of $100,000 in any financial year of the Corporation;

(g) taking any steps to wind-up or terminate the corporate existence of the Corporation;

(h) selling, leasing, exchanging or disposing of all or any substantial part of the undertaking, property or assets of the Corporation;

(i) making, directly or indirectly, loans or advances to, or giving security for or guaranteeing the debts of, any person;

(j) declaring or paying any dividend;

(k) taking, holding, subscribing for or agreeing to purchase or acquire shares in the capital of any corporate body;

(l) entering into a partnership or any arrangement for the sharing of profits, union of interests, joint venture or reciprocal concession with any person;

and

(m) entering into an amalgamation, merger or consolidation with any other corporate body shall be taken by the Corporation unless:

(A) in the case of an action that by law requires the approval of the directors only:

(1) all of the directors at a properly constituted meeting of directors give their approval to such action by resolution;

or

(2) all of the directors consent in writing to the action;

and

(B) in the case of an action that by law requires the approval of the Shareholders:

(1) at least 80% of the Shareholders at a properly constituted meeting vote in favour

of the action;

or

(2) all of the Shareholders consent in writing to the action.

**ARTICLE THREE - DEALING WITH SHARES**

**3.01 Transfer of Shares**

Except as provided for in this Article Three, shareholders can only sell, transfer, dispose of or encumber their Shares if they first obtain the written consent of all the other Shareholders to such

disposition or encumbrance.

**3.02 Endorsement of Certificates**

Share certificates shall state the following;

"The shares represented by this certificate are subject to all the terms and conditions of an agreement dated , 20 , and filed at the registered office of the Corporation."

**3.03 Issue of Additional Shares**

If any additional shares are to be issued from treasury, the Corporation shall first offer such shares to the Shareholders by giving them notice of the Corporation’s intention to issue additional shares and the number and class to be issued. The Shareholders shall have the right to purchase the offered shares pro rata based upon the number of Shares beneficially owned by each Shareholder at the date notice is given of the offer. The Shareholders shall have 20 business days from the date of the notice to take up and pay for all or any of the of fered shares. The shares that have not been taken up and paid for within

the 20 business days may be offered and issued to such persons as the directors in their discretion determine, provided that such persons agree to be bound by and to become parties to this Agreement.

**3.04 Sale of Shares - Right of First Refusal**

(1) Any Shareholder (the "Offeror") who wants to sell all or any Shares shall give notice of such proposed sale ("Notice") to the Corporation and to the other Shareholders and shall set out in the Notice the number of Shares that are offered for sale ("Offered Shares") and the terms and the price for the Offered Shares ("Purchase Price").

(2) Upon the Notice being given, the other Shareholders (the "Offerees" and individually, 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.

(3) Within 10 business days of receiving the Notice, each Offeree who desires to purchase all of the Offered Shares that he/she is entitled to purchase according to Section 3.04(2) shall give notice to the Offeror, to the Company and to the other Offerees. If any Offeree does not give such notice, the Offered Shares that he/she had been entitled to purchase ("Rejected Shares") may instead be purchased by the Offerees who did give notice, pro ratabased upon the number of Shares beneficially owned by such Offerees or in such other proportion as the Offerees may agree in writing, and, within five business days of the expiry of the 10 business day period specified in this Section, each Offeree who desires to purchase all of the Rejected Shares that he/she is entitled to purchase according to this Section shall give an additional notice to the Offeror, to the Company and to the other Offerees. If any Offeree entitled to give this additional notice does not do so, the Rejected Shares that he/she had been entitled to purchase may instead be purchased by the Offerees who did give 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. 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 of the Notice.

(4) If the Offeror makes default in transferring the Offered Shares to the Offerees according to the terms of the Notice, the Secretary of the Corporation is authorized and directed to receive the purchase money and enter the names of the Offerees in the registers of the Corporation as the holders of the Shares. The purchase money shall be held in trust by the Corporation on behalf of the Offeror and not mixed with the Corporation’s assets. 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 inthe registers of the Corporation, the validity of the proceedings shall not be questioned by any person. Once the shares are registered to the Offerees, the Offeror stops having any right to the Offered Shares except the right to receive the purchase price received by the Secretary of the Corporation.

(5) If the Offerees do not give notice according to Section 3.04(3) thatthey are willing to purchase all of the Offered Shares, the rights of the Offerees to purchase the Offered Shares shall end and the Offeror may sell the Offered Shares to any person within four months after the expiry of the 10 business day period or five business day periods specified in Section 3.04(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 Shares are to be sold agrees prior to such transaction to be bound by and to become a party to this Agreement in place of the Offeror. If the Offered Shares are not sold within the four-month period, the rights of the Offerees pursuant to this Section 3.04 shall again take effect

and so on from time to time.

OR

**3.04 Sale of Shares - Shotgun**

(1) Any Shareholder ("Offeror") has the right at any time to give notice ("Notice") to the other Shareholders (the "Offerees" and individually, an "Offeree") and to the Corporation. The

Notice shall contain the following:

(a) an offer by the Offeror to purchase all of the Shares beneficially owned by the Offerees ("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 ("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 ("Purchase Price").

(2) Within 10 Business Days of Notice being given, each Offeree is 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.

(3) If the Offerees accept the Offer to Purchase, the Offerees shall sell and Offeror shall purchase all of the Shares beneficially owned by each Offeree at the Purchase Price and the transaction of purchase and sale shall be completed within 20 business days of the expiry of the 10 business day period specified in Section 3.04(2). The transaction shall be completed at the Corporation’s registered office where the Offerees shall deliver the Shares with good, free and clear title and shall receive payment by certified cheque from the Offeror.

(4) If the Offerees accept the Offer to Sell, the Offerees shall purchase,pro rata, based upon the number of Shares beneficially owned by the Offerees, and the Offeror shall sell all of the Shares at the Purchase Price and the transaction of purchase and sale shall be completed within 20 business days of the expiry of the 10 business day period specified in Section 3.04(2). The transaction shall be completed at the Corporation’s registered office where the Offeror shall deliver the Shares with good, free and clear title and shall receive payment by certified cheque from the Offerees.

(5) If any Offeree does not accept either the Offer to Purchase or the Offer to Sell within the 10 business day period specified in Section 3.04(2), that Offeree shall be deemed to have accepted the Offer to Purchase of the Offeror and to have given notice of such acceptance pursuant to the provisions of Section 3.04(2) on the last business day upon which such notice may have been given.

(6) If one Offeree accepts or is deemed to have accepted the Offer to Purchase pursuant to the provisions of Section 3.04(2)or Section 3.04(5), respectively, ("Selling Offeree") and another Offeree accepts the Offer to Sell of the Offeror pursuant to the provisions of Section 3.04(2) ("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 that right to the Offeror, the Selling Offeree and to the Corporation within 10 business days of the expiry of the 10 business day period specified in Section 3.04(2) and, if the Purchasing Offeree give

s notice pursuant to the provisions of Section 3.04(6), the Offeror and the Selling Offeree shall sell the Shares beneficially owned by them to the Purchasing Offeree and such transaction of purchase and sale shall be completed within 20 business days of the date upon which the Corporation was given such notice by the Purchasing Offeree. The transaction shall be completed atthe Corporation’s registered office where the Offeror and the Selling Offeree shall deliver the Shares with good, free a

nd clear title and shall receive payment by certified cheque from the Purchasing Offeree. (7) If the Purchasing Offeree fails to give notice under Section 3.04(6) within the 10 business day period, the Purchasing Offeree shall be deemed to have accepted the Offer to Purchase, and not accepted the Offer to Sell, and the provisions of Section 3.04(3) shall apply to both Offerees except that the transaction of purchase and sale shall be completed within 15 business days of the expiry of the 10 business day peri

od specified in Section 3.04(6). (8) If any Shareholder obliged to sell under Section 3.04 ("Selling Shareholder") makes default in transferring all or any of the Shares to a Shareholder obliged to

purchase under Section 3.04 ("Purchasing Shareholder"), the Secretary of the Corporation is directed to receive the purchase money and enter the name of the Purchasing Shareholder in the registers of the

Corporation as the holder of the Shares. The purchase money shall be held in trust by the Corporation on behalf of the Selling Shareholder and not mix with the Corporation’s assets. The receipt by the Secretary for the purchase money shall be a good discharge to the Purchasing Shareholder and, after the name has been entered in the registers of the Corporation, the validity of the proceedings shall not be questioned by any person. On the registration, the Selling Shareholder ceases to have any right to the Shares except the right to receive the purchase price received by the Secretary of the Corporation.

(9) Two of the Shareholders may jointly give a Notice to another Shareholder under Section 3.04(1) and, in such event, the further provisions of Section 3.04 shall apply except that any Shares purchased by them under Section 3.04 shall be pro rata based upon the number of Shares beneficially owned by the Shareholders who gave the Notice.

(10) Two of the Shareholders may jointly accept the Offer to Sell under Section 3.04(2) and, in such event, the further provisions of Section 3.04 shall apply except that the number of Shares to be purchased by each of them under Section 3.04 may be set out in the notice given by them under Section 3.04(2) and Section 3.04(9) provided that the aggregate of such numbers equals the number of Shares beneficially owned by the Offeror.]

**3.05 Insolvency of a Shareholder**

(1) If any Shareholder makes an assignment for the benefit of creditors or is the subject of any proceedings under any bankruptcy or insolvency law (the "Offeror"), the other shareholders (the "Offerees" and individually, an"Offeree") shall have the right to purchase all, but not less than all, of the Shares beneficially owned by the Offeror ("Offered Shares").

(2) 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 agree in writing, at the price to be determined according to the provisions of Section 3.05(3).

(3) The price of the Offered Shares shall be the fair value of such Shares as determined by an accountant, in accordance with generally accepted accounting principles, at the end of the fiscal quarter of the Corporation immediately preceding the fiscal quarter in which the event referred to in Section 3.05(1) occurred. Such determination shall be in writing and given to all of the Shareholders and to the Corporation within 20 business days of the date of the event referred to in Section 3.05(1) or as soon afterward as possible.

(4) For the purpose of determining such fairvalue, the accountant may appoint, at the expense of the Corporation, an independent appraiser to assist the accountant. The report of the accountant, when delivered to the Shareholders and to the Corporation, shall be conclusive and binding upon all parties.

(5) Within 10 business days of having been given the accountant’s report of the fair value of the Offered Shares, each Offeree who desires to purchase all of the Offerees Shares that he/she is

entitled to purchase according to Section 3.05(2) shall give notice to the Offeror, to the Corporation and to the other Offerees. If any Offeree does not give such notice, the Offered Shares that he/she had been entitled to purchase ("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 these Offerees agree in writing. Within five business days of the expiry of the 10 business day period specified in Section 3.05(5), each Offeree who desires to purchase all of the Rejected Shares that he/she is entitled to purchase according to Section 3.05(5) shall givean additional notice to the Offeror, to the Corporation and to the other Offerees. If any Offeree entitled to give the additional notice does not do so, the Rejected Shares that he/she 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. 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 within 20 business days of the expiry of

the 10 business day period or 5 business day periodsspecified in Section 3.05(5). The transaction shall be completed at the Corporation’s registered office where the Offeror shall deliver the Shares with good, free and clear title and shall receive payment by certified cheque from the Offeree.

(6) If the Offeror defaults in transferring the Offered Shares to the Offerees as provided for in Section 3.05, the Secretary of the Corporation is authorized and directed to receive the purchase money and enter the names of the Offerees in the registers of the Corporation as the holders of the Shares. The purchase money shall be held in trust by the Corporation on behalf of the Offeror and not mix with the Corporation’s assets. The receipt by the Secretary 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, the validity of the proceedings shall not be questioned by any person. On such registration, the Offeror ceases to have any right to the Offered Shares except the right to receive the purchase price received by the Secretary.

(7) If the Offerees do not give notice under Section 3.05(5) that they are willing to purchase all of the Offered Shares, the rights of the Offerees to purchase the Offered Shares shall end and the Offeror may sell the Offered Shares to any person within four months after the expiry of the 10 business day period or 5 business day periods specified in Section 3.05(5), for a price not less than the price that would have been payable by the Offerees and on terms no more favourable to such person than those that would have been applicable had the Offerees agreed to purchase the Offered Shares under Section 3.05, provided that the person to whom the Shares are to be sold agrees prior to such transaction to be bound by and to become a party to this Agreement in place of the Offeror. If the Offered Shares are not sold within the four-month period on such terms, the rights of the Offerees pursuant to this Section 3.05 shall again takeeffect and so on from time to time.

**3.06 Termination of Employment**

If either Henderson or Young ceases to be anemployee of the Corporation, voluntarily or otherwise, except by reason of death, the other Shareholders shall have the right to purchase all, but not less than all, of the Shares beneficially owned by such Shareholder, in the proportions and for the price and upon the terms and conditions determined in accordance with Section 3.05.

**3.07 Disability**

If any of the Shareholders is incapacitated from performing her/his duties as an employee of the Corporation for a period of six consecutive months by reason of illness or mental or physical disability, or if he/she shall be incapacitated at different times for six months in any 24-month period, then in either case the incapacitate party shall cease to be an employee of the Corporation.

**3.08 Death of an Individual Shareholder**

If any Shareholder dies, the surviving Shareholders shall purchase, and the personal representative of the deceased Shareholder shall sell, all, but not less than all, of the Shares beneficially owned by the deceased Shareholder immediately prior to death, in the proportions and for the price and upon the terms and conditions determined in accordance with Section 3.05.

**ARTICLE FOUR - GENERAL**

**4.01 Non-Competition**

(1) None of the Shareholders will, without the prior written consent of the other Shareholders, at any time while he is a shareholder of the Corporation and for a period of 3 years after he ceases to be a shareholder of the Corporation, either individually or in partnership or jointly or in conjunction with any person as principal, agent, employee, shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed 5% of the outstanding shares so listed) or in any other manner whatsoever carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit his name or any part thereof to

be used or employed by any person engaged in or concerned with or interested in any business similar to or competitive with the business carried on by the Corporation within the Province of Ontario or, if he has ceased tobe a shareholder of the Corporation, any business similar to or competitive with the business carried on by the Corporation at the time such Shareholder ceasedto be a shareholder of the Corporation.

OR

(1) None of the Shareholders will carry on any business similar to or competitive with the business carried on by the Corporation for a period of three years after ceasing to be a shareholder of the Corporation without the prior written consent of the other Shareholders. Carry on business means

- either individually or

- in partnership or

- jointly or

- in conjunction with any person as principal, agent, employee, shareholder (other than a holding of shares listed on a Canadian or United States stock exchange that does not exceed 5% of the outstanding shares so listed) or

- in any other manner whatsoever to

- carry on or

- be engaged in or

- be concerned with or

- interested in or

- advise or

- lend money to or

- guarantee the debts or obligations of or

- permit her/his name or part of her/his name to be used or employed by any person engaged in or

- concerned with or

- interested in any business similar to or competitive with the business carried on by the Corporation within the Province of Ontario.

(2) Each of the Shareholders confirms thatall the restrictions in Section 4.01(1) are reasonable and valid and all defences to the strict enforcement of this non-competition Section are waived by each Shareholder.

**4.02 Insurance**

(1) The Corporation shall, if reasonably obtainable, acquire and maintain insurance on the

life of each of Henderson, Young and Smith in amounts reasonably satisfactory to fulfil the

purchase obligations contained in this Section.

(2) Additional insurance shall, if reasonably obtainable, be acquired by the Corporation on the life of each of Henderson, Young and Smith in such amounts as may be specified by notice to the Corporation by all of such Shareholders.

(3) The Corporation shall maintain in good standing at all times the insurance policies on the lives of these Shareholders and shall not deal in any manner with these policies or in a any way encumber these policies.

(4) If upon the death of any Shareholder the Corporation receives the proceeds of any insurance held by the Corporation on the life of the deceased Shareholder and, under this Agreement, the other Shareholders are or have been required to purchase the Shares beneficially owned by the deceased Shareholder immediately prior to her/his death, the directors of the Corporation and the representatives of the deceased Shareholder shall agree upon a procedure whereby either the Corporation fulfils such obligation to purchase by using the proceeds of insurance or, the proceeds are distributed or otherwise dealt with so as to enable the surviving Shareholders to fulfil the obligation to purchase.

**4.03 Benefit of the Agreement**

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

**4.04 Entire Agreement**

This Agreement constitutes the entire agreement between the parties and cancels and supersedes any prior understandings and agreements between the parties. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than expressly set forth in this Agreement.

**4.05 Amendments and Waivers**

All amendments to this Agreement shall be valid or binding if they are in writing and executed by all of the parties. Any waiver of any breach of any provision of this Agreement shall be effective or binding if it is in writing and signed by the party giving the waiver and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

**4.06 Assignment**

Except as may be expressly provided in this Agreement, none of the parties may assign her/his rights or obligations under this Agreement without the prior written consent of all of the other parties.

**4.07 Termination**

This Agreement shall terminate upon:

(a) the written agreement of all of the Shareholders;

(b) the dissolution or bankruptcy of the Corporation or the making by the Corporation of an

assignment under the provisions of the Bankruptcy and Insolvency Act; or

(c) one Shareholder becoming the beneficial owner of all of the Shares.

**4.08 Severability**

If any provision of this Agreement is found to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions of the Agreement shall continue in full force and effect.

**4.09 Notices**

Any communication to be given in connection with this Agreement shall be in writing and may be by personal delivery or by registered mail addressed to the recipient as follows:

To Henderson:

100 Queen Street

Metropolis, Ontario

L7B 5F6

To Young:

200 King Avenue

Metropolis, Ontario

L6D 4V9

To Smith:

300 Princess Road

Metropolis, Ontario

L3A 8K2

To the Corporation:

400 Duke Crescent

Metropolis, Ontario

L5S 3X8

Attention:

Secretary or to any other address or individual that one party may designate to the others. Any communication given by personal delivery shall be deemed to have been given on the day of

actual delivery and, if given by registered mail, on the second business day following the deposit

in the mail. If the party giving any communication knows or ought reasonably to know of any

difficulties with the postal system that might affect the delivery of mail, any such communication shall not be mailed but shall be given by personal delivery.