This SOFTWARE DEVELOPMENT AGREEMENT (“Agreement”) is made BETWEEN \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, with offices at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (“Client”), and Deversus Software Inc., with offices at #508 - 1477 West Pender Street, Vancouver, BC, V6G 2S3 (“Provider”). Client desires to obtain the services of Provider in developing certain Software as specified in the attached document titled “Statement of Work” (the “Components and Deliverables”), and Provider is willing to provide the development services (the “Services”) subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, representations and warranties contained in this Agreement, Client and Provider agree as follows:

1. **EFFECTIVE DATE**

This Agreement shall be effective as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Effective Date").

1. **DEFINITIONS**
   1. "Software Product" shall mean the computer programs and related services in machine-readable object code form and any subsequent error corrections or updates supplied to Client by Provider pursuant to this Agreement and as described in Components and Deliverables.
   2. "Documentation" means the documents, manuals and written materials (including end-user manuals) referenced, indicated or described herein or otherwise developed pursuant to this Agreement.
   3. "Deliverable" means all things produced by Provider including web media and software code in object and/or source format, provided that if not specified delivery shall be in object code format.
2. **APPOINTMENT AND SERVICES**
   1. Appointment and Acceptance. Client hereby retains Provider to provide the development services set forth below, and Provider hereby accepts such appointment on the terms and conditions contained herein. Provider will use all commercially reasonable efforts to develop the Software Product described in Components and Deliverables. Provider, at its sole cost and expense, will furnish the development supplies and research, engineering and other personnel reasonably necessary to perform such Services. **However, the cost of any third party components possessing individual or per-use licensing requirements, including Components-Off-the-Shelf (COTS) and third party services such as hosting will be passed directly to Client, if their use is deemed appropriate and Client approves use.** In performing the Services hereunder, Provider hereby warrants to Client that it will perform all Services in a professional and timely manner and substantially in accordance with the standards and practices of care, skill and diligence customarily observed by similar companies under similar circumstances at the time they are rendered. Provider, however, does not guarantee specific results, and the Software will be developed only on a commercially reasonable effort basis.
   2. Compensation. As compensation for Provider’s performing the Services hereunder, Client shall pay to Provider a development fee as set forth in Billing hereto in accordance with the payment terms set forth in the section titled “Payment Terms” of the Components and Deliverables document. **Provider does not guarantee that the estimated schedule and/or budget will not be exceeded due to unforeseen costs or added/modified project scope. Provider will not perform work outside of the estimated budget set forth in the Components and Deliverables document without the prior consent of Client.**
   3. Project Scope. Client agrees that Provider will not provide any services other than that specified in Components and Deliverables. Any additional scope desired by Client may be provided at a cost additional to that specified in Components and Deliverables.
3. **OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS**
4. Work Product. The parties acknowledge and agree that all work-products derived from the Services performed by Provider hereunder (the “Work Product”), including, but not limited to, the Software Product, and other product Documentation prepared by Provider, if any, shall be considered to be a “work made for hire” and that such work-product and the intellectual property rights embodied therein, notwithstanding sections 4.b. and 4.c. are and shall become the sole exclusive property of Client. Provider shall not, and it shall cause any affiliates not to, seek any copyright, patent, or other protection for the Work Product, and Client shall have the sole right to seek copyright, patent and other protection for such Work Product. At Client’s reasonable request and expense, Provider shall take, and shall cause its affiliates to take, all actions requested by Client in order to protect and perfect its rights in and to the Work Product.
5. Pre-existing Components. Client acknowledges that any pre-existing components previously developed by Provider are the sole exclusive property of Provider. Any use of such components by Client will be non-exclusively licensed by Provider and are not available for modification and/or resale without prior consent of Provider. Provider will notify Client prior to the use of pre-existing components.
6. Background Code Reuse. Client acknowledges that Provider may, from time to time, reuse some source code or components that pertain to routine software functionality (“Background Code”) in an effort to perform its duties efficiently. Provider reserves the right to retain and reuse Background Code derived from the Work Product that pertain to non-essential functionality which is unrelated to the domain-specific nature of Provider and its business objectives.

1. **CONFIDENTIALITY**

The parties may wish, from time to time, in connection with work contemplated under this Agreement, whether before or after the date hereof, to disclose to each other proprietary information, data, know-how, designs, drawings, specifications, test and research results, market studies, price or cost information, supplier or customer lists, regulatory files to the extent they are not public information by law and other similar materials ("Confidential Information"). This Confidential Information will be treated as trade secrets and held in confidence. Provider and Client will use Confidential Information only in a manner consistent with this Agreement and may not disclose any Confidential Information to any third party during the term of this Agreement or for a period of two (2) years from the date of disclosure, whichever is longer. Nondisclosure obligation stated in this section (5) shall not apply to information that:

* 1. was disclosed pursuant to written permission by Client and Provider;
  2. is already in the recipient party's possession at the time of disclosure thereof;
  3. is a part of the public domain through no fault of the recipient party;
  4. is received from a third party having no obligations of confidentiality to the disclosing party;
  5. is independently developed by the recipient party; or
  6. is required by law or regulation to be disclosed.

1. **TERM AND TERMINATION**
   1. Term. The term of this Agreement as it relates to the development of the Software Product shall commence on the effective date hereof and, unless modified by mutual written agreement by the parties or terminated by either party, will continue until completion at the specified billing rate in **Section 8, Billing.**
   2. Termination. In the event that either party shall be in default of its material obligations under this Agreement and shall fail to remedy such default within thirty (30) days after receipt of written notice thereof, this Agreement may be terminated upon expiration of the thirty (30) day period by the party not in default. As its sole liability upon termination under this section, Client shall pay Provider for all reasonable expenses incurred or committed to be expended as of the effective termination date (including cost of time spent at a rate as specified in Billing), plus fifteen (15) percent of the estimated cost as outlined Components and Deliverables, or $15,000; whichever is less.
   3. Return of Materials upon Termination. Upon termination of this Agreement for any reason and payment of the cancellation fee, Provider shall furnish to Client all completed deliverables, work in process, incomplete work and other material embodying such work performed in connection with the provision of the Services under this Agreement.
   4. Survival of Certain Rights and Obligations. On termination or expiration of this Agreement, each party shall immediately return to the other party all Confidential Information of the other party in its possession. In addition, notwithstanding anything in this Agreement to the contrary, **Sections 4, 5, and 9** shall survive termination of this Agreement, however caused and shall continue thereafter in full force and effect.
2. **Warranty**

Upon final delivery of the Software Product to Client, Provider will honour a six (6) month warranty from the date of final delivery including repair of any software defects/bugs that do not involve any changed or additional project scope, as determined by Provider, free of charge. If Provider deems the mentioned defect as scope outside of the original requirement specification, Client agrees to pay the additional cost of repair at the specified rate outlined in Billing.

1. **Billing**
2. Instalment Period and Billing Rate. Client agrees to pay Provider on the basis set forth in the “Payment Terms” section of Components and Deliverables at a rate of **eighty-five (85) dollars per hour** of billable work, with the first instalment in advance and further payments made payable within Net fifteen (15) days. Third party component costs, as mentioned in Section 3, will be passed directly to Client, payable immediately.
3. Late Payment Penalties. Interest will be charged on overdue payments at the rate of 1.5% per month (an annual rate of 18%), compounded monthly.
4. Project Schedule and Estimation. In the event that a work estimate or schedule is provided, Provider does not guarantee that the final project budget will not exceed the estimated cost and/or schedule. Should development exceed the estimated time and/or cost, Provider will notify Client and present a re-evaluation of the remaining time and/or cost for Client’s approval.
5. Ongoing Maintenance. Provider will provide ongoing maintenance to Client including, but not limited to, feature additions and bug fixes outside of the six (6) month warranty as mentioned in Section 7, environment migration updates, or any other additions or modifications to the Software Product at the billable rate specified therein part (a) of this Section.
6. **Liability**

NEITHER PROVIDER NOR ANYONE ELSE WHO HAS BEEN INVOLVED IN THE CREATION, PRODUCTION OR DELIVERY OF THIS PRODUCT SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR INCIDENTAL DAMAGES (INCLUDING DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, AND THE LIKE) ARISING OUT OF THE USE OR INABILITY TO USE SUCH PRODUCT OR RELATED TO THIS AGREEMENT, EVEN IF PROVIDER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. PROVIDER SHALL NOT BE LIABLE TO YOU FOR ANY INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES OR LOST PROFITS ARISING OUT OF OR RELATED TO THIS AGREEMENT OR YOUR USE OF THE SOFTWARE AND/OR THE RELATED DOCUMENTATION, EVEN IF PROVIDER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL PROVIDER'S LIABILITY HEREUNDER, IF ANY, EXCEED THE PURCHASE PRICE PAID BY YOU FOR THE SOFTWARE.

1. **MISCELLANEOUS**
   1. Applicable Law. THIS AGREEMENT IS MADE UNDER AND WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF BRITISH COLUMBIA (EXCEPT THAT BODY OF LAW CONTROLLING CONFLICTS OF LAW) AND SPECIFICALLY EXCLUDING FROM APPLICATION TO THIS AGREEMENT THAT LAW KNOWN AS THE UNITED NATIONS CONVENTION ON THE INTERNATIONAL SALE OF GOODS. EXCLUSIVE VENUE FOR ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE THE PROVINCIAL AND FEDERAL COURTS IN VANCOUVER, BRITISH COLUMBIA, AND EACH PARTY IRREVOCABLY CONSENTS TO SUCH PERSONAL JURISDICTION AND WAIVES ALL OBJECTIONS THERETO.
   2. Relationship. This Agreement does not make either party the employee, agent or legal representative of the other for any purpose whatsoever. Neither party is granted any right or authority to assume or to create any obligation or responsibility, express or implied, on behalf of or in the name of the other party. In fulfilling its obligations pursuant to this Agreement, Provider will be acting as an independent contractor.
   3. Negligence or Misuse. Provider is not responsible for any damages or litigations brought forth by negligence or misuse of the Software Product by Client. Client assumes full responsibility for use of the Software Product.
   4. Other. This Agreement, including the annexes and other exhibits attached hereto and incorporated as an integral part of this Agreement, constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes all previous proposals, oral or written, and all negotiations, conversations, or discussions heretofore had between the parties related to this Agreement. No agreements altering or supplementing the terms hereof may be made except by means of a written document signed by the duly authorized representatives of the parties, except as otherwise expressly provided in this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

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| **CLIENT:** | **PROVIDER: Deversus Software Inc.** |
| By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature | By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature |
| Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |