

2362161 No.

Prince George Registry

*In the Supreme Court of British Columbia*

Between

**BROOKMANS CONSTRUCTION LTD., ROLLING MIX CONCRETE (BC) LTD.  
and 1054241 BC LTD.**

198873 Petitioners 35  
58916 2362161

200.00

and

**PRINCE GEORGE MOTORSPORTS PARK LTD.**

**Respondent**

Re: Application by shareholders for leave to commence derivative action in the name of Prince George Motorsports Park Ltd.

### **PETITION TO THE COURT**

**ON NOTICE TO:**

Prince George Motorsports Park Ltd.

**This proceeding is brought for the relief set out in Part 1 below, by**

the persons named as petitioners in the style of proceedings above

If you intend to respond to this petition, your or your lawyer must

- (a) File a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) Serve on the petitioners
  - (i) 2 copies of the filed response to petition, and
  - (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

**Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.**

**Time for response to petition**

A response to petition must be filed and served on the petitioners,

- (a) If you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,
- (b) If you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,
- (c) If you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on our, or
- (d) If the time for response has been set by order of the court, within that time.

1. The address of the registry is 250 George Street, Prince George, B.C., V2L 5S2
2. The ADDRESS FOR SERVICE of the petitioners is c/o Roy J. Stewart Law Corporation 1057 3<sup>rd</sup> Avenue, Prince George, BC, V2L 3E3
3. The name and office address of the petitioners' lawyer is: Roy J. Stewart, K.C., LLD (Hon), 1057 3<sup>rd</sup> Avenue, Prince George, BC., V2L 3E3

#### Claim of the petitioners

#### Part 1: ORDERS SOUGHT

- 1 The court grant leave to the petitioners to prosecute a legal proceeding in the name of and on behalf of the respondent company in the form of the Notice of Civil Claim attached to this petition to enforce a right, duty or obligation owed to the company that could be enforced by the respondent company itself;
- 2 The court grant leave to the petitioners to prosecute a legal proceeding in the name of and on behalf of the respondent company in the form of the Notice of Civil Claim attached to this petition to obtain damages for any breach of a right, duty or obligation owed to the respondent company that could be enforced by the company itself.
- 3 Costs in any event of the cause.

#### Part 2: FACTUAL BASIS

1. Each petitioner is a shareholder of the respondent company.
2. The only additional shareholder is a company described as 0936381 B.C. Ltd. (herein called "Brent Co") which is owned or controlled by Fredrick Brent

Marshall (herein called "Brent Marshall")

3. The affairs of the respondent company are governed by a Shareholders Agreement. [Appendix One]
4. There are no officers appointed for the respondent company.
5. Each of the shareholders appointed a representative to be a director of the respondent company.

Affidavit #1 of Rodney David Belsham

6. The representative for Brent Co. is Brent Marshall, who acts as one of four directors of the respondent company.
7. The respondent company owns land, which is situate, lying and being in the City of Prince George, and is more particularly described as:

PID: 005-558-085

Lot 3, District Lot 2393, Cariboo District, Plan 29882, except plans 33297 and 33825

(the Land)

[Appendix 2]

8. The respondent company leases a portion of the Land to Nitro Motor Sports to operate a speedway with a paved track, and to store various relevant equipment and materials on the Land.
9. The respondent company has mortgaged the land, the particulars of which are as follows:

Mortgage CA5124322 2016-04-21, Bank of Montreal

Assignment of Rents CA5124323 2016-04-21 Bank of Montreal

10. The Land apart from the area leased and used by Nitro Motor Sports has an extensive treed area, and park like conditions.
11. The Shareholders Agreement requires unanimous approval by all of the directors to deal with the affairs of the respondent company, and in particular, the entry into of any material contract.

"Pursuant to subsection 3.6 of the Agreement, the following matters shall require the consent of all of the directors of the Company...:

(d) the entering into, execution, acknowledgement, amendment, supplement, cancellation or termination of any Material Contract on behalf of the Company or any of its subsidiaries and, for this purpose, "Material Contract" means any of the following...

(iii) any other contract, agreement or other instrument to be entered into by the Company or any of its Subsidiaries which is material to the business, condition (financial or otherwise), operations or performance of the Company or its subsidiaries."

12. Brent Marshall also owns or controls a corporation duly incorporated pursuant to the laws of the Province of British Columbia as 0875901 BC Ltd. (Marshall Co.)

13. In October, November and a portion of December, 2022 Brent Marshall, without the unanimous consent of the directors, authorized Marshall Co and the respondent company to enter a contract with a logging contractor to remove all merchantable timber from the Lands.

[Affidavit #1 of Rodney David Belsham]

14. In October, November and a portion of December, 2023 Brent Marshall without the unanimous consent of the directors caused Marshall Co. and the respondent company to enter into a contract with Canfor to purchase the merchantable timber from the Lands, and to have the proceeds paid, inter alia, to Marshall Co.

[Affidavit #1 of Rodney David Belsham]

15. The entering into a contract with the logging contractor to harvest timber from the Land in the name of the respondent company and Marshall Co. is a material contract, as defined in the Shareholder Agreement.

16. The entering into a contract with Canfor, in the name of the respondent company and Marshall Co, to sell the harvested timber from the Land is a material contract, as defined in the Shareholder Agreement.

17. None of the directors of the respondent company approved any of these material contracts, other than Brent Marshall.

[Affidavit #1 of Rodney David Belsham]

18. The net proceeds from the sale of harvested timber to Canfor, have been kept by Brent Marshall and/or Marshall Co.

[Affidavit #1 of Rodney David Belsham]

19. Brent Marshall has, despite demand to do so, neglected or refused to return the net proceeds from the sale of harvested timber to the respondent company, or has neglected or refused to cause Marshall Co. to return the net proceeds to the respondent company.

[Affidavit #1 of Rodney David Belsham]

20. Canfor, will not, without legal compulsion, divulge all the particulars of the contract it made with Marshall Co and the respondent company, or the payments made on account of the purchase of the harvested timber.

[Affidavit #1 of Rodney David Belsham]

21. Neither Brent Marshall nor Marshall Co. have provided information sufficient to conclusively determine the total moneys received by Marshall Co. from Canfor.

[Affidavit #1 of Rodney David Belsham]

22. Neither Brent Marshall nor Marshall Co. have provided information sufficient to conclusively determine the total moneys paid by the respondent company and Marshall Co to the logging contractor.

[Affidavit #1 of Rodney David Belsham]

23. Upon completion of the harvesting of timber from the Land, the Land was left in a state of clutter, debris, broken timber, ruts, and generally the Land was bereft of any park like aspects, in complete contrast to its state before the unlawful harvesting.

[Affidavit #1 of Rodney David Belsham]

24. As a consequence, the Land will have to be rehabilitated and returned as much as possible to its prior condition. The cost of such rehabilitation is unknown at this time.

25. After unlawfully receiving and keeping the funds of the respondent company and refusing to account to the respondent company, Brent Marshall described his purported use of the funds to apply such funds towards a proposed buyout of one of the shareholders of the respondent company.

[Affidavit #1 of Rodney David Belsham]

**Part 3: LEGAL BASIS**

1. Section 232 and 233 of the Business Corporations Act, SBC 2002, c. 57 provides that with the leave of the court a "complainant" may prosecute a legal proceeding in the name of and on behalf of a company.
2. For purposes of identifying a "complainant" the sections define a complainant as a shareholder or director of the company.
3. Under s. 232, the legal proceeding that may be prosecuted with leave of the court includes a legal proceeding:
  - (a) to enforce a right, duty or obligation owed to the company that could be enforced by the company itself; or
  - (b) to obtain damages for any breach of a right, duty or obligation referred to in paragraph (a) of this subsection.
4. S.233 provides that the court may grant leave under s. 232 on terms it considers appropriate, if
  - (a) the complainant has made reasonable efforts to cause the directors of the company to prosecute or defend the legal proceeding;
  - (b) notice of the application for leave has been given to the company and to any other person the court may order;
  - (c) the complainant is acting in good faith; and
  - (d) it appears to the court that it is in the best interests of the company for the legal proceeding to be prosecuted
5. Entering into an agreement to retain legal counsel to prosecute a legal proceeding on behalf of the company against a director or shareholder is a Material Contract, since it is a contract which is material to the business or operations of the company.
6. Entering into any material contract requires unanimous consent of the directors and since the legal proceedings would be a claim against a director and shareholder, no unanimous decision of the directors is possible since the consent of the director and shareholder against whom the legal proceeding would be prosecuted is highly unlikely to be obtained.
7. Notice of this application for leave will be given to the company by causing a copy of the Petition to be sent by registered mail to the registered office of the respondent company, namely 900-550 Victoria Street, Prince George, British Columbia, V2L 2K1.
8. The petitioners are the complainants, who seek to have all money derived from the sale of timber from the Land placed in the bank account of the company, to have Brent Marshall, Brent Co, and Marshall Co account for all money received from Canfor, and all money paid to the logging contractor, and to compel Brent

Marshall, Brent Co and Marshall Co to pay for the costs of rehabilitation of the Land.

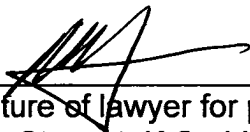
9. The complainants are acting in good faith since their purpose in seeking leave to prosecute an action in the name of the company is directed to making the company whole as a result of the unlawful activity of Brent Marshall, Brent Co. and Marshall Co.
10. Since one of the directors, Brent Marshall is the subject of the claims, along with his companies, there is no likelihood that this proceeding can be initiated with the unanimous approval of the directors.
11. It is in the best interests of the company for the legal proceeding to be prosecuted.

**Part 4: MATERIAL TO BE RELIED ON**

1. Sections 232 and 233 of the Business Corporations Act, SBC 2002, c. 57
2. The affidavit of Rodney David Belsham made the <sup>13<sup>th</sup></sup> day of April, 2023

The petitioners estimate that the hearing of the petition will take 30 minutes

Date: 04/13/2023

  
\_\_\_\_\_  
Signature of lawyer for petitioners  
Roy J. Stewart, K.C., LLD (Hon)

**To be completed by the court only:**

Order made

in terms requested in paragraphs \_\_\_\_\_ of Part 1 of this petition

with the following variations and additional terms

Date:

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Signature of [ ] Judge [ ] Master



Attached to Petition filed April 13, 2023

No.

Prince George Registry

*In the Supreme Court of British Columbia*

Between

**Prince George Motorsports Park Ltd.**

Plaintiff

and

**Fredrick Brent Marshall, 0936381 B.C. Ltd. and 0875901 B.C. Ltd.**

Defendants

### **NOTICE OF CIVIL CLAIM**

**This action has been started by the plaintiff for the relief set out in Part 2 below.**

If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiffs and on any new parties named in the counterclaim.

**JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL** to file the response to civil claim within the time for response to civil claim described below.

#### **Time for response to civil claim**

A response to civil claim must be filed and served on the plaintiffs,

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or

- (d) if the time for response to civil claim has been set by order of the court, within that time.

## CLAIM OF THE PLAINTIFF

### Part 1: STATEMENT OF FACTS

#### THE PARTIES

1. The plaintiff, Prince George Motorsports Park Ltd. (PGM) is a corporation duly incorporated pursuant to the laws of the Province of British Columbia, and has its registered office at 900-550 Victoria Street, Prince George, BC, V2L 2K1.
2. The defendant, Fredrick Brent Marshall (Brent) is a director of PGM, and resides at 1544 Waters Edge Lane, West Kelowna, British Columbia, V1Z 4E1
3. The defendant, 0936381 B.C. Ltd. (Brent Co.) is a shareholder of PGM and is a company duly incorporated pursuant to the laws of the Province of British Columbia, and has its registered office at #204-1302 7<sup>th</sup> Avenue, Prince George, British Columbia, V2L 3P1.
4. The defendant, 0875901 B.C. Ltd. (Marshall Co.) is a company duly incorporated pursuant to the laws of the Province of British Columbia, and has its registered office at #204-1302 7<sup>th</sup> Avenue, Prince George, British Columbia, V2L 3P1.

#### THE COMPANY

5. PGM owns certain lands and premises located, situate and being in the City of Prince George, and more particularly known and described as:  
  
PID: 005-558-085  
  
Lot 3, District Lot 2393, Cariboo District, Plan 29882 except plans 33297 and 33825  
  
(herein called "the Land")
6. PGM leases a portion of the Lands to Nitro Motor Sports which operates a race track on the Land.
7. The Land is parklike with standing timber.

8. The shareholders of the PGM signed a Shareholders Agreement which stipulates, *inter alia*, that certain matters must be authorized on behalf of PGM only by unanimous approval of the its directors, to wit:

“Pursuant to subsection 3.6 of the Agreement, the following matters shall require the consent of all of the directors of the Company....:

- (d) the entering into, execution, acknowledgement, amendment, supplement, cancellation or termination of any Material Contract on behalf of the Company or any of its subsidiaries and, for this purpose, “Material Contract” means any of the following...

any other contract, agreement or other instrument to be entered into by the Company or any of its Subsidiaries which is material to the business, condition (financial or otherwise), operations or performance of the Company or its subsidiaries.”

9. Contrary to the terms of the Shareholder Agreement and without the unanimous consent of the directors of PGM, the defendant Brent did the following:
- a) entered into a Material Contract in the name of the plaintiff and his personal corporation, Marshall Co, with a logging contractor to harvest standing timber on the Land;
  - b) entered into a Material Contract in the name of the plaintiff and Marshall Co. with Canfor to sell such harvested timber;
  - c) unlawfully caused the proceeds of the transaction with Canfor to be deposited into the account of the defendant, Brent, Brent Co, or Marshall Co as the case may be;
  - d) failed or refused to account to PGM for the details of any of the transactions and proceeds arising from the unlawful sale of the standing timber to Canfor;
  - e) misled the other directors of PGM as to the amount of such proceeds or payments by Canfor;
  - f) misled the other directors of PGM as to the location of the proceeds;
  - g) refused or neglected to deposit the proceeds into the bank account of PGM contrary to the demand of PGM.
- thereby causing loss, cost, expense and damages to PGM.

10. As a result of the unlawful harvesting activity on the Land, conducted without the unanimous approval of the directors of PGM, the Land has been transformed from a park-like setting into a debris strewn waste land.
11. The Land requires rehabilitation and restoration, at significant costs.

## **Part 2: RELIEF SOUGHT**

1. A declaration that the defendant, Brent entered into a Material Contract with a logging contractor for the harvesting of standing timber on the Land without the unanimous consent of the directors of PGM, as required by the Shareholders Agreement;
2. A declaration that the defendant, Brent entered into a Material Contract for the sale of standing timber harvested from the Land to Canfor without the unanimous consent of the directors of PGM, as required by the Shareholders Agreement;
3. A declaration pursuant to section 142 of the Business Corporations Act, , SBC 2002, c.57 that Brent, when exercising the powers and performing the functions of a director of PGM, failed to act honestly and in good faith with a view to the best interests of PGM;
4. An order pursuant to section 148 and 150 of the Business Corporations Act, SBC 2002, c. 57 that Brent is liable to account to PGM for any profit that accrues to him under or as a result of a contract or transaction in which Brent holds a disclosable interest;
5. An interlocutory and permanent mandatory injunction requiring Brent, Marshall Co and Brent Co, as the case may be, to provide to PGM any and all documents associated with the Material Contracts made unlawfully with a logging contractor and with Canfor, including all correspondence, negotiations, emails, text messages, load slips, pay slips and any other documents disclosing how much was agreed or paid to the logging contractor and how much was agreed or paid to them or any of them by Canfor and the basis for such payment and the back up information associated with any payment.
6. A declaration that Brent, Brent Co, and Marshall Co, as the case may be, hold in trust for PGM the full amount paid by Canfor for the harvested timber taken from the Land.

7. An order that all proceeds received by Brent, Brent Co or Marshall Co, as the case may be, arising from the harvesting and sale to Canfor of timber on the Land be paid to PGM or to its order forthwith;
8. Judgment against Brent, Brent Co and Marshall Co, as the case may be, for damages for the full amount paid by Canfor and converted by them or any of them to their own use.
9. An order that there be an inquiry, assessment or accounting by a master or registrar of this honourable court to determine the full amount paid by Canfor on account of the sale of harvested timber on the Land,
10. Judgment for damages against Brent, Brent Co and Marshall Co, as the case may be, for loss, cost and expense associated with the restoration and rehabilitation of the Land which is required as a result of the unlawful harvesting of standing timber on the Land.
11. Judgement against Brent, Brent Co. and Marshall Co, as the case may be, for exemplary damages.
12. Costs, increased or uplift costs as this court deems fit in the circumstances
13. Interest pursuant to the Court Order Enforcement Act,

### **Part 3: LEGAL BASIS**

1. The law relating to the duties of a director of a company;
2. The law relating to conversion of funds or trust funds;
3. The law relating to exemplary damages;
4. The Supreme Court of British Columbia Civil Rules

Plaintiff's address for service: c/o Roy J. Stewart Law Corporation, 1057 3<sup>rd</sup> Avenue, Prince George, B.C., V2L 3E3

Fax number address for service (if any): 250-960-2176

E-mail address for service (if any): [stewart@courtyardlane.bc.ca](mailto:stewart@courtyardlane.bc.ca)

Place of trial: Prince George, B.C.

The address of the registry is: 250 George Street, Prince George, B.C., V2L 5S2

Date:

\_\_\_\_\_  
Signature of  
 Plaintiff  lawyer for Plaintiff  
Roy J. Stewart, Q.C., LLD (Hon)

Rule 7-1 (1) of the Supreme Court Civil Rules states:

- (1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,
  - (a) prepare a list of documents in Form 22 that lists
    - (i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and
    - (ii) all other documents to which the party intends to refer at trial, and
  - (b) serve the list on all parties of record.

#### APPENDIX

*[The following information is provided for data collection purposes only and is of no legal effect.]*

#### **Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:**

This claim is a derivative action commenced with leave of the court seeking damages, an accounting and return of funds converted unlawfully by the defendants.

#### **Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:**

*[Check one box below for the case type that best describes this case.]*

A personal injury arising out of:

- a motor vehicle accident
- medical malpractice
- another cause

A dispute concerning:

- contaminated sites
- construction defects
- real property (real estate)
- personal property
- the provision of goods or services or other general commercial matters
- investments losses
- the lending of money
- an employment relationship

- a will or other issues concerning the probate of an estate  
 other matters not listed here

**Part 3: THIS CLAIM INVOLVES**

*[Check all boxes below that apply to this case]*

- a class action  
 maritime law  
 aboriginal law  
 constitutional law  
 conflict of laws  
 none of the above  
 do not know

**Part 4:**

[B.C. Reg. 119/2010, Sch. A, s. 38; B.C. Reg. 95/2011, Sch. A, s. 11]

THIS IS ANNEXURE ONE  
TO THE PETITION OF  
BELSHAM & SONS CONSTRUCTION LTD.,  
ROLLING MIX CONCRETE (BC) LTD. and 1054241  
BC LTD.



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## Shareholders Agreement

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THIS AGREEMENT is made effective as of December 22, 2015.

AMONG:

Rodney David Belsham, Businessman, of 8165 Wansa Road, Prince George, British Columbia, V2N 6E5

("Rod")

AND:

Belsham & Sons Construction Ltd., a company incorporated under the laws of British Columbia, having its registered office at P.O. Box 1489, 300-2375 Burrard Avenue, Vanderhoof, British Columbia, V0J 3A0

("RodCo")

AND:

Fredrick Brent Marshall, Businessman, of P.O. Box 250 Stn A, Prince George, British Columbia, V2L 4S1

("Brent")

AND:

0936381 B.C. Ltd., a company incorporated under the laws of British Columbia, having its registered office at #204-1302 7<sup>th</sup> Avenue, Prince George, British Columbia, V2L 3P1

("BrentCo")

AND:

John Joseph Paolucci, Businessman, of P.O. Box 2298, Prince George, British Columbia, V2N 2J8

("John")

AND:

Rolling Mix Concrete (B.C.) Ltd., a company incorporated under the laws of British Columbia, having its registered office at #204-1302 7<sup>th</sup> Avenue, Prince George, British Columbia, V2L 3P1

("JohnCo")

AND:

Douglas Dean Shaw, Businessman, of 25890 Field Road, Prince George, British Columbia, V2K 5M8

("Doug")

AND:

1054241 B.C. Ltd., a company incorporated under the laws of British Columbia, having its registered office at 614 - 1488 Fourth Avenue, Prince George, British Columbia, V2L 4Y2

("DougCo")

AND:

Prince George Motorsports Park Ltd., a company incorporated under the laws of British Columbia, having its registered office at 900-550 Victoria Street, Prince George, British Columbia, V2L 2K1

(the "Company")

#### BACKGROUND

- A. The Company carries on the business of the ownership and operation of a commercial property comprised, in part, of a motorsports park.
- B. RodCo, BrentCo, JohnCo and DougCo are the registered and beneficial holders of the numbers of issued and outstanding shares of the Company set out in Schedule C, which shares represent the only issued and outstanding shares of the Company.
- C. Rod is the controlling shareholder of RodCo, Brent is the controlling shareholder of BrentCo, John is the controlling shareholder of JohnCo and Doug is the controlling shareholder of DougCo, and each of Rod, Brent, John and Doug has become a party to this Agreement for the purpose of guaranteeing the performance of the covenants, agreements and obligations of RodCo, BrentCo, JohnCo and DougCo, respectively, under this Agreement.
- D. RodCo, BrentCo, JohnCo and DougCo wish to establish their respective rights and obligations in respect of their shares in the Company and their agreement in respect of the other matters set out in this Agreement.

#### TERMS OF AGREEMENT

In consideration of the premises and the mutual covenants contained in this Agreement, the parties to this Agreement covenant and agree each with the others as follows:

##### 1. Interpretation

- 1.1 **Definitions.** For the purposes of this Agreement (including the recitals), the terms in Schedule A shall have the meanings given to them in that Schedule.

- 1.2 **Meaning of Control.** For the purposes of this Agreement, "control" where used in connection with a corporation means:
- (a) the right to exercise a majority of the votes which may be voted at a general meeting of such corporation; or
  - (b) the right to elect or appoint directly or indirectly a majority of the directors of such corporation or other persons who have the right to manage or supervise the management of the affairs and business of the corporation.
- 1.3 **Accounting Terminology.** All accounting terms not expressly defined in this Agreement shall have the respective meanings usually ascribed to them in accordance with generally accepted accounting principles in Canada.
- 1.4 **Meaning of Pro Rata.** Unless the context otherwise requires, all rights, obligations or other matters which are, under the terms of this Agreement, to be determined on a proportionate or pro rata basis shall be determined on a basis which is pro rata or proportionate to the total number of shares of the Company issued and outstanding as of the date of such determination.
- 1.5 **Headings.** The headings used in the Agreement are for convenience and reference only and shall not affect the construction or interpretation of this Agreement.
- 1.6 **Schedules.** The Schedules to this Agreement which are incorporated and form part of this Agreement are as follows:
- A—Definitions
  - B—Matters Requiring Unanimous Consent of Directors
  - C—Capital Contributions
2. **Representations and Warranties**
- 2.1 **Representations of Rod and RodCo.** Rod and RodCo jointly and severally represent and warrant to each of the other parties that:
- (a) RodCo is controlled by Rod;
  - (b) RodCo is a company duly incorporated under the laws of the Province of British Columbia, is not a public company and is valid, subsisting and in good standing with respect to the filing of annual reports in the office of the British Columbia Registrar of Companies;
  - (c) RodCo has the corporate power to enter into this Agreement and to perform and observe its obligations and agreements set out in this Agreement; and
  - (d) this Agreement has been duly executed and delivered by Rod and RodCo and is a valid and binding obligation of each of them enforceable in accordance with its terms.

2.2 **Representations of Brent and BrentCo.** Brent and BrentCo jointly and severally represent and warrant to each of the other parties that:

- (a) BrentCo is controlled by Brent;
- (b) BrentCo is a company duly incorporated under the laws of the Province of British Columbia, is not a public company and is valid, subsisting and in good standing with respect to the filing of annual reports in the office of the British Columbia Registrar of Companies;
- (c) BrentCo has the corporate power to enter into this Agreement and to perform and observe its obligations and agreements set out in this Agreement; and
- (d) this Agreement has been duly executed and delivered by Brent and BrentCo and is a valid and binding obligation of each of them enforceable in accordance with its terms.

2.3 **Representations of John and JohnCo.** John and JohnCo jointly and severally represent and warrant to each of the other parties that:

- (a) JohnCo is controlled by John;
- (b) JohnCo is a company duly incorporated under the laws of the Province of British Columbia, is not a public company and is valid, subsisting and in good standing with respect to the filing of annual reports in the office of the British Columbia Registrar of Companies;
- (c) JohnCo has the corporate power to enter into this Agreement and to perform and observe its obligations and agreements set out in this Agreement; and
- (d) this Agreement has been duly executed and delivered by John and JohnCo and is a valid and binding obligation of each of them enforceable in accordance with its terms.

2.4 **Representations of Doug and DougCo.** Doug and DougCo jointly and severally represent and warrant to each of the other parties that:

- (a) DougCo is controlled by Doug;
- (b) DougCo is a company duly incorporated under the laws of the Province of British Columbia, is not a public company and is valid, subsisting and in good standing with respect to the filing of annual reports in the office of the British Columbia Registrar of Companies;
- (c) DougCo has the corporate power to enter into this Agreement and to perform and observe its obligations and agreements set out in this Agreement; and
- (d) this Agreement has been duly executed and delivered by Doug and DougCo and is a valid and binding obligation of each of them enforceable in accordance with its terms.

3. **Agreement on Corporate Matters**
- 3.1 **Corporate Matters.** The Shareholders and the Company agree that, notwithstanding any provisions to the contrary contained in the Articles of the Company, the corporate matters referred to in this section 3 shall be governed by the applicable provisions of this section 3; and that in the case of any inconsistency or conflict between the Articles of the Company and the provisions of this section 3, the Shareholders shall vote their Shares to amend the Articles of the Company so that they conform with the provisions of this section.
- 3.2 **Directors.** The Shareholders shall vote their Shares so that the Board is composed of four directors, which include one nominee of RodCo, one nominee of BrentCo, one nominee of JohnCo, and one nominee of DougCo. RodCo shall nominate the person who controls RodCo, Rod, as its nominee director so long as Rod is living and has not suffered a Permanent Incapacity. BrentCo shall nominate the person who controls BrentCo, Brent, as its nominee director so long as Brent is living and has not suffered a Permanent Incapacity. JohnCo shall nominate the person who controls JohnCo, John, as its nominee director so long as John is living and has not suffered a Permanent Incapacity. DougCo shall nominate the person who controls DougCo, Doug, as its nominee director so long as Doug is living and has not suffered a Permanent Incapacity. Subject to the foregoing, if a position on the Board formerly held by a director is open for any reason, the Shareholder whose nominee formerly occupied such position shall be entitled to nominate a new director to fill the vacancy.
- 3.3 **Officers.** The officers of the Company shall be such persons as the Board shall by resolution appoint. The Board shall make such appointments on an annual basis immediately following the annual general meeting of the Company.
- 3.4 **Meetings of the Board.**
- (a) Any director of the Company may, in accordance with this subsection 3.4, call a meeting of the Board. At least seven days prior written notice shall be given to the other directors of the Company of each meeting of the Board unless the giving of such notice is waived by each director before, during or after the meeting. Attendance at the meeting by a director shall be deemed to be a waiver of the giving of such notice. The notice of meeting shall set out in reasonable detail the business to be considered at such meeting and no other business shall be transacted at such meeting without the consent of all of the directors.
- (b) Meetings of the Board may be held by telephone conference and the parties specifically consent to the validity of meetings so held provided the requirements relating to quorum and notice are complied with.
- (c) A quorum for a meeting of the Board shall be three of the directors of the Company.
- 3.5 **Failure to Vote.** In the event that a director shall fail to vote and act as a director to carry out the provisions of this Agreement, the Shareholders shall exercise their rights as shareholders of the Company to remove such director from the Board and, subject to subsection 3.2, to elect in his or her place an individual who will use his or her best efforts to carry out the provisions of this Agreement.

- 3.6 **Matters Requiring Unanimous Approval of Directors.** The matters set out in Schedule B shall only be undertaken with (in addition to the consents or approvals, if any, required under the *Business Corporations Act* or the Articles of the Company) the consent in writing of all of the directors of the Company.
4. **Finances**
- 4.1 **Existing Shareholder Capital and Loan Contributions.** As at the date hereof, the Shares and Shareholder Loans of each of the Shareholders are as set out in Schedule C.
- 4.2 **Bank Financing.** Subject to the Shareholders agreeing otherwise, the Company shall borrow from the Bank, to the extent the Company is able on terms satisfactory to the Board, the funds required from time to time by the Company.
- 4.3 **Interest.** Shareholders' Loans shall not bear interest unless unanimously agreed to by the Board.
- 4.4 **Subordination of Shareholders' Loans.** The Shareholders shall subordinate and postpone all Shareholders' Loans (including without limitation existing loans, if any) to all financings or borrowings by the Company from the Bank to the extent required by the Board.
- 4.5 **Restriction on Demand.** No Shareholder shall demand repayment of a Shareholders' Loan, unless:
- (a) all Shareholders agree in writing to the repayment; or
  - (b) this Agreement has terminated in accordance with subsection 15.1.
- 4.6 **Indemnities.** If at any time a Shareholder (or its Representative or one of its Affiliates) (the "Indemnitor") becomes a guarantor or a surety of, or otherwise liable for, any indebtedness or obligations of the Company (or any of its Subsidiaries) (whether such guarantee or obligation is limited, several or joint and several) and the incurrence of such liability was made at the request of the Board, then, subject to subsection 13.11 of this Agreement, the other Shareholders and their Representatives, shall jointly and severally indemnify and save harmless the Indemnitor so liable so that each Shareholder (together with its Representatives) shall be liable and shall pay its share of such indebtedness or obligation which is proportionate to each Shareholder's respective holdings of shares of the Company.
5. **Restrictions on Transfer**
- 5.1 **Restriction on Transfer.** No Shareholder shall Transfer all or any part of its Interest to any person, whether a Shareholder or not, except as otherwise expressly provided in this Agreement.
- 5.2 **Right of First Refusal.** Except as otherwise expressly permitted in this Agreement:
- (a) no Shareholder shall Transfer any or all of its Shares unless that Shareholder ("Offeror") first offers by notice in writing (the "RFR Offer") to each other Shareholder the prior right to purchase, receive or otherwise acquire the Shares;

- (b) the RFR Offer must set forth:
- (i) the number of Shares that the Offeror desires to sell (the "Offered Shares");
  - (ii) the price, in lawful money of Canada, for the Offered Shares;
  - (iii) the terms and conditions of the sale;
  - (iv) that the RFR Offer is open for acceptance for a period of 14 days after receipt of such RFR Offer by the other Shareholders and request that each other Shareholder state in writing whether it is willing to purchase any of the Offered Shares and, if so, the maximum number it is willing to purchase; and
  - (v) whether or not the Offeror has received any offer to purchase the Offered Shares (the "Third Party Offer") which it is prepared to accept and, if it has, the name and address of the party making that offer and the price, terms of payment and other terms and conditions of such offer;
- (c) Upon the expiration of the 14-day notice period provided in paragraph (b) above, if the Offeror has received from the other Shareholders sufficient acceptances to purchase all of the Offered Shares, the Company shall thereupon apportion the Offered Shares among the accepting Shareholders *pro rata* in proportion to the number of respective shares held by each of them, up to the amount of Offered Shares respectively accepted by each of them. If the Offeror has not received sufficient acceptances to purchase all of the Offered Shares, the Company shall have 14 days thereafter to purchase, on the same terms as contained in the RFR Offer, such portion of the Offered Shares that were not accepted by the other Shareholders;
- (d) if the Offeror does not receive sufficient acceptances from the other Shareholders to purchase all of the Offered Shares and the Company does not accept the offer to purchase such portion of the Offered Shares that were not accepted by the other Shareholders, then any acceptances of some but less than all of the Offered Shares made by the other Shareholders shall be deemed to have been withdrawn, and the Offeror may thereafter, for a period of 90 days after the expiration of the period for acceptance by the Company, sell, transfer or otherwise dispose of the whole of the Offered Shares to any other person, firm or corporation ("Third Party") provided that:
- (i) the Offeror may not sell less than all the Offered Shares;
  - (ii) the Offeror shall sell the Offered Shares for cash at Closing, free and clear of encumbrances, and on terms which are identical to those specified in the RFR Offer;
  - (iii) the Offeror shall not sell the Offered Shares to any person, unless at the time of the sale that person complies with subsection 5.5; and
  - (iv) if the Offeror has not transferred the Offered Shares within the 90-day period, then the provisions of this subsection 5.2 shall again become applicable to the Offered Shares.

- (e) If the Offeror receives sufficient acceptances from the other Shareholders, and/or the Company pursuant to paragraph (c) above, if necessary, to purchase all of the Offered Shares and after an apportionment has been made pursuant to paragraph (c) above, if necessary, a binding contract of purchase and sale shall be deemed to come into existence between the Offeror and each Shareholder who transmitted an acceptance and/or with the Company, if applicable, on the terms set out in this Agreement and the RFR Offer, which contract will be completed in the manner provided in section 12.
  - (f) After an apportionment has been made pursuant to paragraph (c) above and upon payment of the price for all of the Offered Shares, the Offeror shall be bound to transfer the Offered Shares in accordance with that apportionment and if the Offeror fails to do so the Company shall cause the names of the purchasing Shareholders to be entered in the register of members of the Company as the holders of the respective Offered Shares acquired, and shall cancel the share certificates previously issued to the Offeror representing the Offered Shares whether they have been produced to the Company or not. Payment to the Company, as agent for the Offeror, of the Purchase Price shall be sufficient payment by the purchasing Shareholders and entry of the transfers in the central securities register of the Company shall be conclusive evidence of the validity of the transfers. Upon completion of the transfers, and delivery of the share certificates duly endorsed in blank for transfer, the Company shall pay the Purchase Price to the Offeror.
  - (g) The provisions as to transfers of Shares contained in this subsection 5.2 shall not apply:
    - (i) if, before the proposed transfer of Shares is made, the other Shareholders waive their rights to receive the RFR Offer; or
    - (ii) to any transfer of Shares pursuant to the provisions of sections 6, 7, 9, and 10 of this Agreement.
  - (h) The Offeror may include all or any part of its Shareholder's Loans in the RFR Offer, in which case the Shareholder's Loans (or part thereof) shall be included in the price of the Offered Shares, and all references to Offered Shares in this subsection 5.2 shall include the portion of the Shareholder's Loans included therein. If the Offeror does not include its Shareholder's Loans in the RFR Offer, the Offeror shall retain its Shareholder's Loans, which shall be repaid as the Company's finances permit, as determined by the directors.
- 5.3 **Transfer to Affiliates.** Notwithstanding subsections 5.1 and 5.2, any Shareholder may Transfer all, but not less than all, of its Interest to an Affiliate controlled by such Shareholder or the Representative of such Shareholder provided that, prior to any such transfer, the Shareholder and the Affiliate enter into an agreement with the other parties to this Agreement, in form and content acceptable to such parties, which provides that:
- (a) (100%) of the Shareholder's Interest will be transferred to the Affiliate;
  - (b) the Affiliate will remain an Affiliate controlled by the Shareholder (or the Representative of such Shareholder) for so long as the Affiliate holds the Interest;



- (c) prior to the Affiliate ceasing to be an Affiliate controlled by the Shareholder (or the Representative of such Shareholder), the Affiliate will Transfer its Interest to the Shareholder or to another Affiliate controlled by the Shareholder (or the Representative of such Shareholder), and that such other Affiliate will enter into an agreement similar to this Agreement with the other Shareholders and the Company;
- (d) the Affiliate will otherwise be bound by and have the benefit of the provisions of this Agreement; and
- (e) the obligations of the original Shareholder hereunder shall not in any way be released and shall continue in full force and effect.

5.4 **No Transfer by Defaulting Shareholder.** Notwithstanding any other provision of this Agreement, except as required by the terms of this Agreement, no Shareholder shall be entitled to Transfer or assign its Interest, or any part thereof, without the prior written consent of the other Shareholders, if it is at that time a Defaulting Shareholder, unless prior to or concurrently with that Transfer or assignment it ceases to be a Defaulting Shareholder.

5.5 **Further Restriction of Transfer.** No Shareholder shall Transfer all or any part of its Interest to any person, whether a Shareholder or not, who is not a party to or has not agreed to be bound by this Agreement until such person subscribes to or agrees to be bound by this Agreement. The Shareholders and the Company will not recognize or treat as a shareholder of the Company any person who acquires any interest or control over any Shares or afford any such person the rights afforded by this Agreement or any of the incidents connected with being a shareholder of the Company until such person subscribes to or agrees to be bound by this Agreement, and the Shareholders need only deal with as a shareholder of the Company persons who have subscribed to or agreed to be bound by this Agreement.

5.6 **THIS PARAGRAPH HAS BEEN INTENTIONALLY DELETED**

5.7 **THIS PARAGRAPH HAS BEEN INTENTIONALLY DELETED**

## 6. **Transfer of Interests on Death**

6.1 **Method of Mandatory Sale.** Upon the death of a Representative of a Shareholder (the "Deceased"), the Shareholder (the "Subject Shareholder") shall at its option, either:

- (a) sell its Interest (the "Subject Interest") to the other Shareholders;
- (b) sell the Subject Interest to the Company (subject to any restrictions which may be imposed by law); or
- (c) sell part of the Subject Interest to the other Shareholders and sell the balance of the Subject Interest to the Company (subject to any restrictions which may be imposed by law);

for a Purchase Price equal to the fair market value of the Subject Interest, determined as of the Date, in accordance with subsection 13.2.

6.2 **Obligation to Purchase.** The Subject Shareholder shall, within 90 days of the Date, make an election as to whether to proceed under paragraph (a), (b) or (c) of subsection 6.1 and

shall notify the Company and the other Shareholders of its election. Upon receipt of the notice from the Subject Shareholder of its election, the Company, the other Shareholders, or both the other Shareholders and the Company, as the case may be, shall purchase the part of the Subject Interest specified in the notice of the Subject Shareholder to be purchased by each of them for the Purchase Price referred to in subsection 6.1 and on the terms and conditions set out herein. If the Subject Shareholder fails to notify the Company and the other Shareholders of its election within 90 days of the Date, the Subject Shareholder shall be deemed to have elected to proceed under paragraph 6.1(b).

### 6.3 Closing of Purchase and Sale

- (a) Upon the Company's receipt of the notice from the Subject Shareholder of its election or if it is deemed that the Subject Shareholder has elected to proceed under paragraph 6.1(b), a binding contract of purchase and sale between the Subject Shareholder and the other Shareholders or the Company, or the Subject Shareholder and both the other Shareholders and the Company, as the case may be, shall be deemed to come into existence on the terms set out in this Agreement, which contract will be completed in the manner provided in section 12.
- (b) The Closing of the purchase and sale of the Subject Interest shall take place on that date which is the latest of:
  - (i) 120 days following the Date;
  - (ii) if the Company has insurance on the life of the Deceased, 30 days after the receipt by the Company of the Insurance Proceeds; and
  - (iii) 30 days after the final determination of the Purchase Price;

provided however that if the Company has insurance on the life of the Deceased and the Insurance Proceeds have not been received by the Company by the date which is four Business Days prior to the first anniversary of the Date, the Closing shall take place on the Business Day before the first anniversary of the Date, but in this case the Subject Shareholder may notify the Company and the other Shareholders prior to that day that the Subject Shareholder wishes to proceed under one of paragraph (a), (b) or (c) of subsection 6.1 in a different manner than previously elected by the Subject Shareholder, regardless of whether the previous election of the Subject Shareholder was made by notice or deemed to have been made by lack of notice.

6.4 **No Application.** Notwithstanding any other term in this Agreement, the provisions of this section shall not apply in any way in respect of the death of the last Representative to die.

### 7. Insurance

7.1 **Insurance.** The Company may, at its discretion, obtain and maintain insurance (the "Insurance") on the lives of one or all of the Representatives in such amounts as shall reasonably be required to carry out the full intent and purpose of this Agreement including, without limitation, sufficient Insurance to pay the full Purchase Price in accordance with section 6, and name the Company as a beneficiary thereunder, and the Company shall obtain and maintain the Insurance during the term hereof and shall pay all premiums in respect of the Insurance.

- 7.2 **Medical Examinations.** Each Representative shall consent to and undergo all medical examinations required from time to time in order to obtain and maintain the Insurance or to increase the amounts payable under the Insurance.
- 7.3 **Restrictions on Shareholders.** No Shareholder shall do, or permit its Representative or Representatives to do, any of the following things with respect to any insurance policy on the life of such Representative:
- (a) change the beneficiary;
  - (b) charge or pledge the policy as security for any purpose;
  - (c) borrow from the insurer or any other lender on the security of the policy;
  - (d) cancel, surrender or otherwise terminate the policy; or
  - (e) assign the policy or revoke any assignment thereof;

and the Shareholders and Representatives expressly agree that unless all the Shareholders and Representatives consent, they shall not consent or co-operate in any way with an attempt by any Shareholder or Representative to do any of the foregoing things. No Shareholder shall change any of its Representatives until the Company obtains Insurance on the life of its proposed new Representative and in any event without the prior written approval of the other Shareholders and without the new Representative agreeing to be bound by this Agreement

- 7.4 **Collection of Proceeds.** The Company shall, immediately following the death of a Representative, arrange to collect the Insurance Proceeds.
- 7.5 **Deposit of Proceeds.** If the Insurance Proceeds are received by the Company prior to the determination of the Purchase Price, the Company shall deposit the Insurance Proceeds in an interest-bearing account at a chartered bank, trust company or credit union and any interest earned thereon shall be deemed to be Insurance Proceeds for the purposes of this Agreement.
8. **Payment of Purchase Price**
- 8.1 **Payment by Company on Closing.** If the Company has received the Insurance Proceeds at least two Business Days prior to the date of Closing and if the Subject Shareholder elects to proceed under either paragraph 6.1(b) or 6.1(c), the Company shall on the date of Closing pay to the Subject Shareholder so much of the Insurance Proceeds as does not exceed that part of the Purchase Price then payable by the Company, together with any interest accrued under subsection 8.5, which payment shall be considered to be made in payment or part payment, as the case may be, by the Company of the Purchase Price and any such accrued interest thereon.
- 8.2 **Payment by Shareholders on Closing.** If the Company has received the Insurance Proceeds at least two Business Days prior to the date of Closing and the Subject Shareholder elects to proceed:

- (a) under paragraph 6.1(a), so that none of the Insurance Proceeds is required by the Company to purchase the Subject Interest or part thereof, the Company shall, on the day of but immediately following Closing, declare and pay a dividend on its shares to the Subject Purchaser equal to the amount of the Insurance Proceeds;
- (b) under paragraph 6.1(c), so that part of the Insurance Proceeds are required by the Company to purchase the Subject Interest or part thereof, the Company shall, on the day of but immediately following Closing, declare and pay a dividend on its shares to the Subject Purchaser equal to the amount of the excess, if any, of the Insurance Proceeds over the amount required to be paid by the Company to purchase the Subject Interest or part thereof under subsection 8.1.

Notwithstanding the foregoing, the Company shall not be required to declare and pay any dividend if the Company is insolvent or if to do so would render the Company insolvent.

**8.3 Payment of Balance of the Purchase Price.** If the Insurance Proceeds are not received by the Company at least two Business Days prior to the date of Closing, the Subject Purchaser shall pay the Purchase Price to the Subject Shareholder pursuant to subsection 8.4. If the Insurance Proceeds are received by the Company at least two Business Days prior to the date of Closing but the Insurance Proceeds are less than the Purchase Price, the Subject Purchaser shall pay to the Subject Shareholder, pursuant to subsection 8.4, the balance of the Purchase Price remaining unpaid after deducting the amount, if any, paid by the Company to the Subject Shareholder under subsection 8.1.

**8.4 Monthly Instalments.** The Subject Purchaser shall:

- (a) upon Closing, provide, pursuant to subsection 12.4, to the Subject Shareholder, the promissory note and other security for that amount of the Purchase Price which then remains unpaid (the "Outstanding Amount");
- (b) subject to paragraph 8.4(c), pay the Outstanding Amount to the Subject Shareholder over a period of three years commencing from the date of Closing in 36 equal monthly instalments of principal together with interest calculated pursuant to subsection 8.5; and
- (c) If the Insurance Proceeds were not received by the Company prior to the date of Closing but are received by the Company after the date of Closing but prior to the expiry of the 36-month period referred to in paragraph 8.4(b), pay the Outstanding Amount to the Subject Shareholder, together with interest calculated pursuant to subsection 8.5, within 30 days after the receipt by the Company of the Insurance Proceeds.

**8.5 Interest.** The Subject Purchaser shall pay to the Subject Shareholder interest on the amount of the Purchase Price outstanding from time to time at the Prime Rate. The Subject Purchaser shall pay to the Subject Shareholder the amount of the interest accrued on the outstanding balance of the Purchase Price from time to time at the same times as payments of the principal of the Purchase Price are required to be made. All payments made by the Subject Purchaser to the Subject Shareholder shall be applied first to the payment of interest accrued on the outstanding balance of the Purchase Price from time to time and second in reduction of the outstanding balance of the Purchase Price. Arrears of interest shall at all times become principal and bear interest at the same rate as the principal.

8.6 **Election Under Income Tax Act.** The Company shall duly elect under s. 83(2) of the *Income Tax Act* to have all or a portion of the dividend payable to the Subject Purchaser pursuant to subsection 8.2, and the deemed dividend arising in connection with the purchase of the Subject Interest (or a portion thereof) by the Company pursuant to subsection 8.1, whether deemed to arise under s. 84(3) of the *Income Tax Act* or otherwise, to be a capital dividend, provided that the amount of the deemed dividend in respect of which the election is made shall not exceed the sum of:

- (a) the amount of the addition to the Company's capital dividend account caused by the Company's receipt of the Insurance Proceeds; and
- (b) the Subject Shareholder's pro rata share of the amount of the Company's capital dividend account determined without any addition caused by the Company's receipt of the Insurance Proceeds, based on the percentage of the Subject Shareholder's shareholdings in the Company as at the Date.

## 9. Buy and Sell Options

9.1 **Option Events.** In this section 9, an option event (an "Option Event") in respect of a Shareholder means any one of the following:

- (a) the voluntary resignation of the Representative of the Shareholder as a full-time employee of the Company; or
- (b) the Permanent Incapacity of the Representative of the Shareholder.

9.2 **Options.** Notwithstanding any other provision of this Agreement, upon the occurrence of an Option Event in respect of a Shareholder (the "Optionor") and for a period of 12 months thereafter the following shall apply:

- (a) the other Shareholders shall have the option (the "Buy Option") to purchase from the Optionor all, but not less than all, of the Interest then owned by the Optionor (the "Option Interest") at a Purchase Price equal to the fair market value of the Option Interest determined in accordance with subsection 13.2; and
- (b) in the case only of the occurrence of the Option Event referred to in paragraph 9.1(b), the Optionor shall have the option (the "Sell Option") to sell to the other Shareholders the Option Interest at a Purchase Price equal to the fair market value of the Option Interest determined in accordance with subsection 13.2.

9.3 **Exercise of Options.** The Buy Option or the Sell Option shall be exercisable:

- (a) in the case of the Buy Option, by any one or more of the other Shareholders; or
- (b) in the case of the Sell Option, by the Optionor,

delivering to the Company and, in the case of subparagraph 9.3(a), the Optionor and the other Shareholders (other than the one giving the Exercise Notice, as defined hereafter), and in the case of subparagraph 9.3(b), the other Shareholders a notice (the "Exercise Notice") exercising the Buy Option or the Sell Option, as the case may be.

9.4 **Apportionment between Shareholders.** If the Company receives two or more Exercise Notices from Shareholders exercising the Buy Option, the Company shall thereupon apportion the Option Interest among the Shareholders so accepting pro rata in proportion to the number of shares of the Company held by each of them respectively and, if the Company receives an Exercise Option from the Optionor exercising the Sell Option, the Company shall thereupon apportion the Option Interest among the other Shareholders pro rata in proportion to the number of shares of the Company held by each of them respectively.

9.5 **Contract for Purchase or Sale of the Option Interest.** Upon the giving of an Exercise Notice under subsection 9.3, and after an apportionment has been made pursuant to subsection 9.4, if necessary, a binding contract of purchase and sale between the Optionor and, in the case of the application of paragraph 9.3(a), those of the other Shareholders who gave an Exercise Notice and, in the case of the application of paragraph 9.3(b), all the other Shareholder(s) (the "Optionee", in either case) shall be deemed to come into existence on the terms set out in this section 9, which contract will be completed in the manner provided in section 12.

9.6 **Payment of Purchase Price.** The Purchase Price shall be paid as follows:

- (a) on Closing, the Optionee shall pay to the Optionor an amount equal to the greater of 50% of the Purchase Price and the amount of any disability insurance proceeds received by the Company on or prior to the Closing Date as a result of the Permanent Incapacity of the Representative of the Optionor, but not in excess of the Purchase Price;
- (b) the unpaid balance of the Purchase Price shall be paid in five equal annual instalments commencing on the first anniversary of the Closing Date and continuing on the second, third, fourth and fifth anniversaries thereof, and the outstanding balance of the Purchase Price shall bear interest at the Prime Rate plus 1%, calculated semi-annually not in arrears and such interest shall be payable in annual instalments on the same dates that the principal instalments are due.

## 10. Default

10.1 **Events of Default.** An event of default (a "Default") arises if a Shareholder, or in the case of paragraphs (a), (b) and (c) below, a Representative of a Shareholder (a "Defaulting Shareholder"):

- (a) fails to observe, perform or carry out any of its obligations under this Agreement and such failure continues for 30 days after any Shareholder not in default (the "Nondefaulting Shareholder" individually and the "Nondefaulting Shareholders" collectively) gives a written notice of such default to the Defaulting Shareholder and the Company, which notice shall set out particulars of the Default and demand that the Default be cured;
- (b) fails to take reasonable actions to prevent or defend assiduously any action, proceeding, seizure, execution or attachment which claims possession, sale, foreclosure, the appointment of a receiver or receiver-manager or forfeiture or termination of or against, any of the Interest of the Defaulting Shareholder, and such

failure continues for 30 days after a Nondefaulting Shareholder has in writing demanded that such actions be taken or the Defaulting Shareholder fails to defend successfully any such action, proceeding, seizure, execution or attachment;

- (c) commits or is the subject of an Insolvency Event; or
- (d) ceases to be controlled, directly or indirectly, by the Representative of such Shareholder, other than as a result of the death of such person.

10.2 Remedies. If a Default occurs under subsection 10.1, any one or more of the Nondefaulting Shareholders may:

- (a) pursue any remedy available in law or in equity, each Shareholder and Representative acknowledging that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for a Default;
- (b) take all actions in their own name or in the name of the Defaulting Shareholder or the Defaulting Shareholder's Representative, or both, as may reasonably be required to cure the Default, and all payments, costs and expenses incurred by the Nondefaulting Shareholder(s) shall be payable by the Defaulting Shareholder to the Nondefaulting Shareholder(s) on demand with interest at the Prime Rate plus 2% per annum;
- (c) implement the buy-sell procedure set out in subsection 10.3 by notifying the Company of the Default, the name of the Defaulting Shareholder and the Nondefaulting Shareholder's election to implement such procedure (the "Notice of Default"); and
- (d) waive the Default, provided that any waiver of a particular Default shall only be effective if it is in writing, signed by the Nondefaulting Shareholder(s), shall not operate as a waiver of any subsequent or continuing Default, and shall not be binding upon, or limit the remedies available to, any Nondefaulting Shareholder who has not signed such waiver.

10.3 Buy-Sell Procedure on Default. In the event the buy-sell procedure in this subsection 10.3 is implemented pursuant to paragraph 10.2(c), the Defaulting Shareholder shall be deemed to offer to sell (the "Offer") to the Company and the Non-Defaulting Shareholder(s) all, but not less than all, of its Interest on the following terms and conditions:

- (a) the Purchase Price payable shall be equal to 90% of the fair market value of the Defaulting Shareholder's Interest determined as of the date of the Notice of Default in accordance with subsection 13.2;
- (b) upon receipt of the Notice of Default, the President of the Company shall forthwith:
  - (i) transmit the Notice of Default and Offer to each director of the Company;
  - (ii) transmit the Notice of Default and Offer to each of the Nondefaulting Shareholder(s); and
  - (iii) call a meeting of the Board to consider the Offer;

- (c) the Company shall have the first right to accept the Offer and, to the extent that it is accepted, the Nondefaulting Shareholder(s) agree to refuse any pro rata offer by the Company to purchase the Defaulting Shareholder's Interest which is required to be made by the Company under the *Business Corporations Act*, the Articles of the Company or this Agreement;
- (d) if the Offer is not wholly accepted by the Company within 30 days after the date of the Notice of Default:
  - (i) the Secretary of the Company shall advise the Nondefaulting Shareholder(s) of the extent to which the Offer is still open, forthwith upon the expiration of the aforesaid 30-day period;
  - (ii) that portion of the Offer not accepted by the Company shall be open for acceptance within the next 14 days by the Nondefaulting Shareholder(s) pro rata in accordance with their respective shareholdings in the Company;
  - (iii) acceptance by the Nondefaulting Shareholder(s) of the Offer shall be by notice to the Secretary of the Company and by such acceptance a Nondefaulting Shareholder may specify any additional portion of the Interest offered for sale that such Nondefaulting Shareholder is prepared to purchase in the event that any of the other Nondefaulting Shareholder(s) fails to accept such Offer, and if any of the other Nondefaulting Shareholder(s) fails to accept such Offer, such Nondefaulting Shareholder (pro rata if more than one) shall be entitled to purchase such additional portion of the Interest as shall be so available;
  - (iv) the Secretary of the Company shall advise each of the directors of the Company of the extent to which the Offer is still open forthwith upon the expiration of the aforesaid 14-day period;
- (e) after compliance with paragraph 10.3(d), to the extent the Offer has not been accepted, the Company shall be deemed to accept the Offer with respect to such portion of the Interest as shall then be available; and
- (f) upon the acceptance of the Offer, a binding contract of purchase and sale for the Interest of the Defaulting Shareholder shall be deemed to be formed between the Defaulting Shareholder and the Company and/or the Nondefaulting Shareholder(s), as the case may be, on the terms and conditions set out in the Offer and this Agreement, which contract shall be completed in the manner provided in section 12.

10.4 **Monies Held.** If, and so long as, a Shareholder is a Defaulting Shareholder, all monies payable to that Defaulting Shareholder by the Company by way of dividends, repayment of loans or other distributions shall be held by the Company until such time as the Shareholder is no longer a Defaulting Shareholder.

## 11. Share Ownership Restrictions

11.1 Notwithstanding any other provision of this Agreement, no one Shareholder shall, at any time, own more than 50% (fifty percent) of the Shares of the Company.



11.2 Any provision of this Agreement that would operate to result in any one Shareholder owning more than 50% (fifty percent) of the Shares of the Company will be deemed to be void and ineffective. The resolution of such a situation shall require the unanimous consent of all the directors of the Company, or alternatively, section 16 of this Agreement shall apply.

## 12. Completion of Transfers

12.1 **Time and Place of Closing.** Except as otherwise expressly provided for in this Agreement, or unless the Purchaser and the Vendor otherwise agree in writing, each contract of purchase and sale arising out of sections 5, 6, 9, or 10 shall be completed at a Closing to be held at 11:00 a.m., Vancouver time, at the registered office of the Company or at such other place as the parties to such contract may agree, on the day (the "Closing Date") which is, in the case of contracts referred to in:

- (a) sections 5, 9, and 10, the later of:
  - (i) 60 days following the date on which such contract is formed; and
  - (ii) 30 days following the final determination of the Purchase Price thereunder; and
- (b) section 6, the date determined in accordance with paragraph 6.3(b);

or, if such day is not a Business Day, on the next Business Day, or on such earlier day as the parties to such contract may agree.

12.2 **Parties to the Contract.** In this section 12, a contract referred to in subsection 12.1 is called a "Contract", and the Shares or Interest to be sold and purchased pursuant to a Contract are called the "Transfer Interest".

12.3 **Payment for Transfer Interest.** Except as otherwise expressly provided in this Agreement, or unless the Purchaser and the Vendor otherwise agree in writing, the Purchase Price for the Transfer Interest shall, subject to subsections 9.6, 13.6 and 13.7, be paid in full on the Closing Date. In the circumstances described in subsections 9.6, 13.6 and 13.7, the Purchase Price for the Transfer Interest shall be paid at the times and in the manner specified therein.

12.4 **Security for Balance of Purchase Price.** Where, pursuant to any provision of this Agreement, the Purchase Price to be paid for the Transfer Interest is not to be paid in full on the Closing, the Purchaser shall, as security for the unpaid balance of the Purchase Price, together with any interest accruing thereon, deliver to the Vendor at the Closing the following:

- (a) a promissory note in form reasonably satisfactory to the Vendor evidencing the outstanding balance of the Purchase Price;
- (b) an escrow agreement in form reasonably satisfactory to the Vendor providing that the new share certificates issued to the Purchaser which represent the Shares transferred by the Vendor are to be endorsed in blank and held in escrow by the Vendor's solicitors; and

- (c) subject to obtaining any required consents from the existing lenders of the Company and compliance with the *Business Corporations Act*, a mortgage and general security agreement, in forms reasonably satisfactory to the Vendor granting respectively a mortgage over all real property then owned by the Company and its Subsidiaries and a charge over all of the then presently owned and after-acquired personal property of the Company and its Subsidiaries, provided that the Vendor shall agree to subordinate and postpone such security to all existing and future security granted by the Company and its Subsidiaries to its Bank and to execute all such documents as are necessary to give effect to such subordination and postponement.

#### 12.5 Closing Documents and Escrow by Company.

- (a) In addition to any other documents required by this Agreement or the terms of the Contract, the Vendor shall deliver to the Company at the Closing, duly executed where appropriate:
  - (i) an instrument of transfer, share certificates representing the shares being transferred duly endorsed for transfer, and such other documents as may be necessary to assign and transfer the Transfer Interest to the Purchaser;
  - (ii) the resignation of the Vendor and any persons nominated by the Vendor as directors or officers of the Company from all offices and directorships in the Company and its Subsidiaries, effective on the Closing Date;
  - (iii) if the Vendor is indebted to the Company, a certified cheque of the Vendor payable to the Company for the amount of such indebtedness;
  - (iv) a release of any and all claims which the Vendor may have against the Company; and
  - (v) all such other documents and assurances as may be required to comply with and to fulfil the intent of this Agreement and the terms of the Contract.
- (b) In addition to any other documents and things required by this Agreement or the terms of the Contract, the Purchaser shall deliver to the Vendor at the Closing, duly executed where appropriate, against delivery by the Vendor to the Purchaser of the documents referred to in paragraph 12.5(a):
  - (i) the Purchase Price for the Transfer Interest payable at the Closing in cash or by certified cheque drawn on a Canadian chartered bank;
  - (ii) a release by the Company of all claims which the Company may have against the Vendor; and
  - (iii) all such other documents and assurances as may be required to comply with and to fulfil the intent of this Agreement and the terms of the Contract.
- (c) All documents delivered by the Vendor to the Company at or before the Closing shall be held by the Company until the Purchaser has delivered all documents and paid all money required to be delivered or paid to the Vendor by the Purchaser at the Closing, at which time the Company shall deliver to the Purchaser the documents delivered by

the Vendor pursuant to paragraph 12.5(a) and the transfer of the Transfer Interest to the Purchaser shall be completed by the Company and new certificates issued for the Shares included in the Transfer Interest.

12.6 **Time to be of the Essence.** Time shall be of the essence of each Contract and each Contract shall be binding upon the parties thereto and upon their respective heirs, executors, administrators, successors, legal representatives and assigns.

12.7 **Failure to Complete.**

- (a) If the Vendor fails to attend the Closing or is present but fails for any reason whatsoever to complete the sale of the Transfer Interest when the Purchaser is ready, willing and able to do so, the Purchaser may deposit the Purchase Price for the Transfer Interest into a special account at any branch in Vancouver, British Columbia of any Canadian chartered bank in the name of the Vendor and such deposit shall constitute valid and effective payment to the Vendor at the Closing even though the Vendor may have voluntarily encumbered or disposed of any of the Transfer Interest and notwithstanding the fact that a certificate or certificates representing any of the Transfer Interest may have been delivered to any pledgee, transferee or other person.
- (b) If the Purchaser deposits the Purchase Price for the Transfer Interest into a special account pursuant to paragraph 12.7(a), then from and after the date of such deposit (even if any certificate representing any of the Transfer Interest has not been delivered to the Purchaser or the Company) the sale and purchase of the Transfer Interest shall be deemed to have been completed and all right, title, benefit and interest, both at law and in equity, in and to the Transfer Interest shall be conclusively deemed to have been transferred and assigned to and become vested in the Purchaser and all right, title, benefit and interest, both at law and in equity, of the Vendor, and of any other assignee, transferee or other person having any interest, legal or equitable, in or to the Transfer Interest, whether as a shareholder or creditor of the Company or the Vendor, or otherwise, shall cease and determine, but the Vendor shall be entitled to receive the Purchase Price for the Transfer Interest, without interest, upon completion of all acts and deeds as were required of the Vendor to complete the sale of the Transfer Interest.
- (c) For the purposes of this subsection 12.7, each Shareholder hereby irrevocably constitutes and appoints each other Shareholder as its true and lawful attorney in fact and agent for, in the name of and on behalf of such first Shareholder to execute and deliver, and to receive delivery of, all such assignments, transfers, deeds, assurances and instruments as may be necessary to effectively complete the sale of any Interest pursuant to sections 5, 6, 9 or 10 on the records of the Company, and such appointment and power of attorney shall not be revoked by the bankruptcy, insolvency, winding-up, liquidation, dissolution, incapacity or death of such first Shareholder and such first Shareholder hereby ratifies and confirms and agrees to ratify and confirm all that any other Shareholder, as attorney in fact and agent for, in the name of and on behalf of such first Shareholder, may lawfully do or cause to be done by virtue of this paragraph 12.7(c).
- (d) If the Purchaser defaults at the Closing in paying the Purchase Price for the Transfer Interest, then the Vendor may, by delivering written notice to the Purchaser and the Company that the Vendor is terminating the Contract, terminate the Contract and

retake possession of the Transfer Interest as the absolute owner thereof, in which event the rights of the Purchaser in respect of the Transfer Interest shall revert to the Vendor and the Vendor shall be entitled, upon delivering to the Company and each Shareholder its duly executed subscription to this Agreement to the return from the Company of the documents delivered by the Vendor to the Company in escrow in connection with the Contract.

- (e) If either the Vendor or the Purchaser fails to complete the Contract as required herein, the Contract is specifically enforceable and nothing in this Agreement shall be construed to mitigate the availability of the remedy of specific performance in respect of the Contract in a court of law.

12.8 **Waiver and Consents.** Each of the Shareholders hereby expressly consents to the Transfer of any Shares or Interests transferred in accordance with this Agreement, agrees to execute promptly on demand specific waivers and consents if requested by another party, covenants and agrees to waive any restriction on transfer contained in the Articles of the Company in order to give effect to such transfers and agrees to vote in favour of, or consent in writing to, resolutions of the shareholders (if applicable) of the Company approving the transfer of any Shares or Interests which is not prohibited by this Agreement. In the case of any Transfer of Shares in accordance with this Agreement where the Company is the Purchaser of such Shares, the Shareholders other than the Vendor in respect of such Contract hereby waive their rights to require the Company to purchase their Shares, except as expressly set forth in this Agreement and covenant to reject any pro rata offer to purchase Shares which the Company may be obliged to make pursuant to the provisions of the *Business Corporations Act* or the Articles of the Company.

### 13. General Provisions on Transfer

13.1 **Transfer of Shares.** The transfer of the Shares or Interest of any Shareholder pursuant to any of the terms of this Agreement shall be subject to the general provisions set out in this section 13. In the event of any inconsistency between any of the provisions of sections 5, 6, 7, 9 or 10 and any of the provisions of this section 13, the provisions of this section 13 shall govern.

#### 13.2 Determination of Fair Market Value.

- (a) Where, pursuant to the provisions of subsections 6.1, 9.2, or 10.3 of this Agreement, a determination of the fair market value of an Interest is required to be made (in this subsection 13.2 referred to as the "Subject Interest"), a Shareholder may give written notice to the other Shareholders requesting that the Shareholders forthwith meet and attempt in good faith to agree upon the fair market value of the Subject Interest. In the event that all of the Shareholders are able to reach agreement on the fair market value of the Subject Interest, such agreed value shall be deemed to be the fair market value of the Subject Interest for the purposes of this Agreement.
- (b) In the event that the Shareholders are for any reason unable to reach agreement on the fair market value of the Subject Interest within 14 days of the delivery of the notice referred to in paragraph 13.2(a), then the Shareholders shall forthwith meet for the purposes of identifying and retaining a valuator (the "First Valuator") for the purpose of determining the fair market value of the Subject Interest. Unless otherwise unanimously agreed by the Shareholders, the First Valuator shall be an accountant

practising with the Auditors who has at least five years' experience in valuing businesses and is accredited as a chartered business valuator. In the event that the Shareholders do not agree upon a First Valuator within 30 days of the delivery of the notice referred to in paragraph 13.2(a), then any Shareholder may refer the determination of the First Valuator to arbitration pursuant to section 16.

- (c) The First Valuator shall prepare and deliver to each of the Shareholders a written report (the "First Valuation Report") setting out its Valuation of the Subject Interest as soon as possible, and in any event within 45 days after being retained.
- (d) Any Shareholder may within 30 days of its receipt of the First Valuation Report provide written notice to the other Shareholders advising that it wishes to have a second Valuation of the Subject Interest undertaken. If no such notice is given, the First Valuation Report shall be final and binding on the parties. If such notice is given, the Shareholders shall forthwith meet for the purposes of identifying and retaining a second valuator (the "Second Valuator") for the purpose of preparing a second Valuation of the Subject Interest. The Second Valuator shall be an accountant practising with a national accounting firm other than the Auditors and who has the experience and credentials referred to in paragraph 13.2(b). In the event that the Shareholders do not agree upon a Second Valuator within 14 days of the delivery of the notice referred to in this paragraph, then any Shareholder may refer the determination of the Second Valuator to arbitration pursuant to section 16.
- (e) The Second Valuator shall prepare and deliver to each of the Shareholders a written report (the "Second Valuation Report") setting out its Valuation of the Subject Interest as soon as possible and, in any event, within 45 days after being retained. Where a Second Valuation Report has been prepared, the fair market value of the Subject Interest for the purposes of subsections 6.1, 9.2 or 10.3 of this Agreement shall be equal to the average of the fair market values of the Subject Interest as set out in the First Valuation Report and the Second Valuation Report.
- (f) The Company and each of the Shareholders shall make available to the First Valuator and the Second Valuator all books, records and other data and information in their possession or control as the First Valuator or Second Valuator may reasonably require for the purposes of its valuation.
- (g) In determining the fair market value of the Subject Interest under this subsection 13.2, the First Valuator and the Second Valuator may apply such principles of valuation as each considers appropriate in the circumstances provided that:
  - (i) there shall be no premium for a control position or discount for a minority position;
  - (ii) the proceeds of any life insurance shall not be taken into account in determining the value of the Subject Interest;
  - (iii) the fair market value of any Shareholder Loans shall not be discounted by reason only of the fact that such Loans are not demand loans and may not bear interest; and

(iv) the Company shall be valued on a going-concern basis.

- (h) The Company shall pay all fees and expenses charged by the First Valuator for preparing the First Valuation Report. The Shareholder(s) who request the Second Valuation shall pay all fees and expenses charged by the Second Valuator for preparing the Second Valuation Report.
- (i) The First Valuator and the Second Valuator shall be entitled to retain such qualified independent appraisers as each may deem appropriate to assist with its valuation.

13.3 **Prohibition.** If a Purchaser under this Agreement is in default of any the terms of the agreement relating to its purchase of the Shares then, only for so long as the default remains, that Purchaser shall not vote its Shares or any of them without the prior written consent of its Vendor, which consent shall not be unreasonably withheld, in favour of a resolution:

- (a) to amend or alter in any way the Notice of Articles or Articles of the Company;
- (b) to declare or pay any dividends other than as have in the past been regularly paid, provided that all dividends received by a Purchaser who is in default shall be received by the defaulting Purchaser in trust for the Vendor and paid over to the Vendor forthwith and such payment shall be applied first to pay any interest due hereunder and the balance to reduce the principal;
- (c) to make any other distribution of the Company's capital or surplus or to pay any salary, bonus or other remuneration in excess of amounts that have in the past been regularly paid;
- (d) to wind up or liquidate the Company;
- (e) to alter the capital structure of the Company in any manner, or allot or agree to allot any further shares of the Company;
- (f) to sell any assets of the Company except in the ordinary course of the business of the Company;
- (g) to create any mortgage, lien or other charge whether specific or floating upon the assets of the Company;
- (h) to borrow money in excess of the amount that the Vendor may specify in writing; or
- (i) to advance money of the Company to any Shareholder or to any person, firm or company affiliated with any of the Shareholders.

13.4 **Unpaid Vendor.** While there is any Vendor who has not been paid in full by a Purchaser or who is a creditor of the Company, the Company shall:

- (a) take the necessary steps to be taken to keep the Company in good standing with the Registrar of Companies of the Province of British Columbia pursuant to the *Business Corporations Act*.

- (b) insure and keep insured against loss or damage by fire, earthquake, explosion, storm or other casualty, with an insurance company or companies approved by the Vendor, all insurable assets of the Company to the full insurable value thereof and pay all costs and premiums in respect of that insurance and, at the request of any party still owed money hereunder, use the insurance money payable in respect of any loss for the purpose of replacing assets of the Company destroyed by any casualty or for any other purpose approved in writing by the party still owed money.
- 13.5 **Multiple Purchasers.** If the Purchaser includes two or more Shareholders, the purchasing Shareholders shall purchase the Interest of the Vendor pro rata in accordance with the purchasing Shareholders' respective shareholdings in the Company, excluding the Shares of the Vendor, and each purchasing Shareholder shall be liable only for payment of the portion of the Purchase Price payable in respect of the Interest to be purchased by it. In order to avoid fractional shares, some Shares may be held by the purchasing Shareholders as tenants in common.
- 13.6 **Set-Off If Vendor Indebted to the Company.** Notwithstanding anything in this Agreement to the contrary, if on the date of a Closing the Vendor is, according to the books of the Company and as certified by the Auditors of the Company, indebted to the Company, the Purchaser has the right, in the case of a liquidated claim, to pay and discharge the indebtedness of the Vendor out of the purchase money payable by it to the Vendor, or in the case of an unliquidated claim, to deposit in an interest-bearing trust account in a Canadian chartered bank or trust company in escrow an amount estimated by the Purchaser to be equal to the unliquidated claim, and, in either case, to reduce the amount of the Purchase Price payable to the Vendor by the amount so paid or deposited. Any amount deposited in escrow as aforesaid shall remain deposited until the claim has either been settled or adjudicated, at which time it shall be withdrawn and paid out pursuant to the settlement or adjudication.
- 13.7 **Payment of Liens on Shares.** Notwithstanding anything in this Agreement to the contrary, if by reason of any lien, charge or encumbrance on the Interest of the Vendor, the Vendor is unable to make delivery of the Vendor's Interest free and clear of all charges, liens or encumbrances to the Purchaser within the time limited therefor, the Purchaser shall be at liberty to make payment to the holder of the lien or charge or the governmental authority imposing the duty, tax, levy or lien, which payment shall be deemed to be payment to the Vendor and shall be applied in reduction of the unpaid balance of the Purchase Price and interest accrued thereon.
- 13.8 **Prepayment.** A Purchaser shall be entitled individually to prepay in whole at any time or in part from time to time the Purchaser's portion of the Purchase Price, without penalty, notice or bonus, together with interest accrued on the portion of the Purchase Price up to the date of the prepayment, provided that any partial prepayment, shall reduce the ultimate unpaid balance owing and shall not relieve the Purchaser from making the monthly consecutive instalments payable under the provisions applicable to the sale and purchase in respect of which the Purchase Price is owing until the balance of the Purchaser's portion of the Purchase Price plus interest is paid in full.
- 13.9 **Acceleration.** Upon any default by a Purchaser under any of the provisions applicable to a purchase of an Interest by the Purchaser, the Vendor may, if that default has continued for more than seven days, give to the Purchaser written notice that the entire unpaid balance of that Purchaser's portion of the Purchase Price and accrued interest thereon shall become

immediately due and payable unless the default is remedied within seven days after the date of that notice. If the default is not remedied within that seven-day period, the entire unpaid balance of the Purchaser's portion of the Purchase Price and accrued interest thereon shall be immediately due and payable.

13.10 **Remedy of Default.** Notwithstanding anything in this Agreement to the contrary, where the Purchaser defaults in the payment of any instalments, whether of principal or interest or both, and notice is given pursuant to subsection 13.9, after expiry of the seven-day period, that Purchaser may not remedy the default by payment only of the monthly instalments then in arrears, but rather the default, unless waived by the Vendor in writing, may only be remedied by payment in full of the entire unpaid balance of that Purchaser's portion of the Purchase Price plus accrued interest to the date of payment.

13.11 **Indemnity.** Purchasers shall jointly and severally indemnify their Vendor and its Representative from all guarantees of the obligations of the Company or its Subsidiaries granted by the Vendor or its Representative. Notwithstanding the joint and several nature of the indemnity from the Purchasers to the Vendor (and its Representative), as between themselves the respective liability of each Purchaser shall be in the same proportion as its shareholding in the Company, excluding the shareholding of the Vendor. The Purchasers and the Company shall take all reasonable steps to have the Vendor (and its Representative) released from all guarantees of the obligations of the Company and its Subsidiaries.

13.12 **Financial Statements.** So long as a Purchase Price has not been paid in full, the Company shall provide copies of the annual financial statements of the Company to the Vendor.

13.13 **Company Purchasing Interest.** Whenever in this Agreement there is a reference to the Company purchasing an Interest or part of an Interest, then if the Interest includes a Shareholder's Loan, upon Closing such Shareholder's Loan, or the part thereof being "purchased" by the Company, as the case may be, shall be deemed to have been repaid.

#### 14. Confidentiality and Non-Disclosure

14.1 **Covenant of Shareholders.** So long as a Shareholder owns any Shares and for a period of 5 years after the Shareholder ceases to own any Shares, neither the Shareholder nor its Representative shall, subject to subsection 14.2, either individually or in partnership, whether by way of trust, agency or otherwise, jointly or in connection with any person or persons, including without limitation any individual, firm, association, syndicate, company, corporation or other business enterprise, as principal, agent, shareholder, director, officer, employee or in any other manner whatsoever use or disclose to any person, except to duly authorized officers and employees of the Company or its Subsidiaries, any trade secret, business data or other confidential or proprietary information acquired by reason of the Shareholder's or its Representative's involvement and association with the Company or any of its Subsidiaries.

14.2 **Breach of Shareholders' Covenants.** Each of the parties acknowledges that, by reason of its unique knowledge of and association with the business of the Company and its Subsidiaries, the scope of the covenants in subsection 14.1 are reasonable and commensurate with the protection of the legitimate interests of the Company and that a breach by any party of any of the covenants contained in subsection 14.1 would result in damages to the Company and that the Company cannot adequately be compensated for such damages by a monetary award. The parties therefore acknowledge that in the event of



any such breach, in addition to all other remedies available to the Company at law or in equity, the Company is entitled to such relief by way of restraining order, injunction, decree, declaration or otherwise as may be appropriate to ensure compliance with the provisions of subsection 14.1 as may be granted by a court of competent jurisdiction and each of the parties acknowledges that the granting of such relief is fair and reasonable in the circumstances. Each of the parties further acknowledges that the covenants contained in section 14 continue in force even if the remainder of this Agreement is terminated for any reason whatsoever other than the agreement in writing of all the parties and is severable for such purpose.

## 15. Termination of Agreement

15.1 **Method of Termination.** This Agreement shall cease and determine on the occurrence of any of the following events, namely,

- (a) the Company suffering an Insolvency Event; or
- (b) the execution of an agreement of termination of this Agreement in writing by all of the Shareholders.

15.2 **Termination Shall Not Affect Right to Receive Money.** No termination of this Agreement shall affect the right of any party to whom money is owed at the time of termination to receive that money according to the provisions of this Agreement, or affect any other rights of that party under this Agreement.

## 16. Arbitration

16.1 **Arbitration.** Except for any determination of the value of an Interest made in accordance with subsection 13.2, which determination shall be final and binding on the parties, all disputes arising out of, or in connection with, this Agreement shall be referred to and finally resolved by a single arbitrator (the "Arbitrator") pursuant to the *Commercial Arbitration Act*, R.S.B.C. 1996, c. 55, as amended.

16.2 **Final and Binding.** The decision of the Arbitrator on all issues or matters submitted to the Arbitrator for resolution shall be conclusive, final and binding on all of the parties.

16.3 **Costs.** The Arbitrator shall determine who shall bear the costs of arbitration pursuant to this section 16.

## 17. General

17.1 **Gender, Plural and Singular.** In this Agreement, the masculine includes the feminine and the neuter genders and the plural includes the singular and vice versa and modifications to the provisions of this Agreement may be made accordingly as the context requires.

17.2 **Legend on Share Certificates.** All share certificates issued by the Company (including existing certificates) shall have typed or otherwise written thereon the following legend:

"The shares represented by this certificate are subject to the provisions of an agreement dated as of December 22, 2015 among Rod, RodCo, Brent, BrentCo, John, JohnCo, Doug, DougCo and the Company, which agreement contains

restrictions on the right of the holder hereof to sell, exchange, transfer, assign, gift, pledge, encumber, hypothecate or otherwise alienate the shares represented hereby and notice of those restrictions is hereby given.”

- 17.3 **Alterations.** No alteration or amendment to this Agreement shall take effect unless it is in writing duly executed by each of the parties.
- 17.4 **Proper Law of Agreement.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 17.5 **Invalidity.** The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision and any such invalid or unenforceable provision shall be deemed to be severable.
- 17.6 **Inclusive Language.** The word “including”, when followed by any general statement, term or matter, is not to be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, but rather it is to be construed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter.
- 17.7 **Time of the Essence.** Time shall be of the essence of this Agreement.
- 17.8 **Notices.** Any notice, payment or other communication required or permitted to be given or served pursuant to this Agreement shall be in writing and shall be delivered personally or forwarded by registered mail or sent by fax to the party concerned addressed as follows:

If to either Rod or RodCo:

c/o Rod Belsham  
8165 Wansa Road, Prince George, B.C. V2N 6E5  
[fax no.:]

If to either Brent or BrentCo:

c/o Brent Marshall  
P.O. Box 250 Stn A, Prince George, B.C. V2L 2S1  
[fax no.:]

If to either John or JohnCo:

c/o John Paolucci  
P.O. Box 2298, Prince George, B.C. V2N 2J8  
[fax no.:]

If to either Doug or DougCo:

c/o Doug Shaw  
25890 Field Road, Prince George, B.C. V2N 2J8  
[fax no.:]

If to the Company:

Prince George Motorsports Park Ltd.  
3444 St. Frances Crescent, Prince George, B.C. V2N 5A2  
[[fax no.]]

with a copy also to:

Stephen Wing & Company  
900-550 Victoria Street, Prince George, B.C. V2L 2K1

Attention: Cliff Shields

or to any other address as may from time to time be notified in writing by any of the parties. Any notice, payment or other communication shall be deemed to have been given on the day delivered, if delivered by hand, and within four Business Days following the date of posting, if mailed; provided that if there shall be at the time or within four Business Days of mailing a mail strike, slow-down or other labour dispute that might affect delivery by mail, then the notice, payment or other communication shall be effective only when actually delivered. Any such notice or communication, if sent by facsimile transmission during business hours on a Business Day, shall be deemed to be received upon the sender receiving confirmation of the transmission, and if not transmitted during business hours, upon the commencement of business hours on the next Business Day following confirmation of the transmission.

- 17.9 Shareholders to Take Further Steps.** Each Shareholder shall take all necessary actions (including amending the Articles of the Company) and shall exercise that Shareholder's rights as a Shareholder of the Company to cause the Company to pass all necessary resolutions and effect all necessary corporate acts to comply with the intent and provisions of this Agreement, including the convening and attending at meetings, voting approval of necessary resolutions, or otherwise as may be necessary for the purpose of this Agreement.
- 17.10 Company to be Bound.** The Company, so far as its powers apply, shall be bound by the terms of this Agreement and shall do and perform all such acts and things and execute all such documents and assurances as it has power to do and as is necessary to fully and effectually carry out the terms of this Agreement.
- 17.11 Entire Agreement.** The provisions of this Agreement constitute the entire agreement between the parties and supersede all previous communications, representations and agreements, whether oral or written, between the parties with respect to the subject matter of this Agreement.
- 17.12 Independent Legal Advice.** Each of the parties to this Agreement hereto acknowledge and agree that Stephen Wing & Company has acted as counsel to the Company and that Stephen Wing & Company is not protecting the rights of any of the parties to this Agreement other than the Company's. It is recommended that each of the parties to this Agreement, other than the Company, seek independent legal advice with respect to the subject matter of this Agreement prior to the execution and delivery of this Agreement and that, if any party hereto did not avail itself, himself or herself of that opportunity prior to signing this Agreement, that party did so voluntarily without any pressure or influence by any other party hereto and agrees that its, his or her failure to obtain independent legal


advice may not be used by such party as a defence to the enforcement of such party's obligations under this Agreement.

17.13 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and, except as otherwise provided or as would be inconsistent with the provisions of this Agreement, their respective heirs, executors, administrators, successors and assigns.

17.14 **Counterparts.** This Agreement may be executed in several counterparts and delivered by way of electronic transmission (including by fax and email), each of which when so executed shall be deemed to be an original and shall have the same force and effect as an original but such counterparts together shall constitute but one and the same instrument.

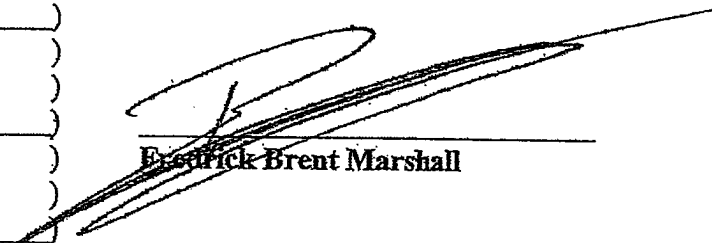
AS EVIDENCE OF THEIR AGREEMENT, the parties have executed this Agreement as of the date and year first above written.

SIGNED by Rod in the presence of: )  
\_\_\_\_\_)  
Name \_\_\_\_\_) )  
\_\_\_\_\_) )  
**CLIFF SHIELDS** )  
Barrister & Solicitor )  
Address 900 - 550 Victoria Street )  
Prince George, B.C. V2L 2K1 )  
Phone (250) 564-3400 )  
\_\_\_\_\_) )  
Occupation \_\_\_\_\_) )

  
\_\_\_\_\_  
**Rodney David Belsham**

**Belsham & Sons Construction Ltd.** )  
by its authorized signatories: )  
\_\_\_\_\_) )  
**Rodney David Belsham** )  
\_\_\_\_\_) )  
**Coreen Esther Wynn (Belsham)** )

SIGNED by Brent in the presence of: )  
\_\_\_\_\_) )  
Name \_\_\_\_\_) )  
\_\_\_\_\_) )  
**CLIFF SHIELDS** )  
Barrister & Solicitor )  
Address 900 - 550 Victoria Street )  
Prince George, B.C. V2L 2K1 )  
Phone (250) 564-3400 )  
\_\_\_\_\_) )  
Occupation \_\_\_\_\_) )

  
\_\_\_\_\_  
**Erick Brent Marshall**

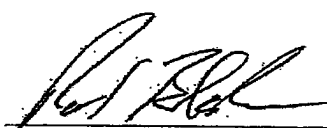
advice may not be used by such party as a defence to the enforcement of such party's obligations under this Agreement.

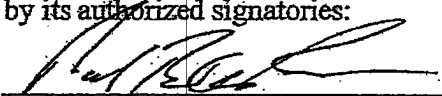
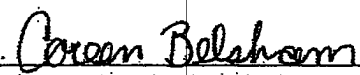
17.13 **Enurement.** This Agreement shall enure to the benefit of and be binding upon the parties and, except as otherwise provided or as would be inconsistent with the provisions of this Agreement, their respective heirs, executors, administrators, successors and assigns.

17.14 **Counterparts.** This Agreement may be executed in several counterparts and delivered by way of electronic transmission (including by fax and email), each of which when so executed shall be deemed to be an original and shall have the same force and effect as an original but such counterparts together shall constitute but one and the same instrument.

AS EVIDENCE OF THEIR AGREEMENT, the parties have executed this Agreement as of the date and year first above written.

SIGNED by Rod in the presence of: )  
\_\_\_\_\_)  
Name )  
\_\_\_\_\_) **CLIFF SHIELDS**  
Barrister & Solicitor )  
Address ) 990 - 550 Victoria Street )  
Prince George, B.C. V2L 2K1 )  
Phone (250) 564-8400 )  
\_\_\_\_\_)  
Occupation )

  
\_\_\_\_\_  
Rodney David Belsham

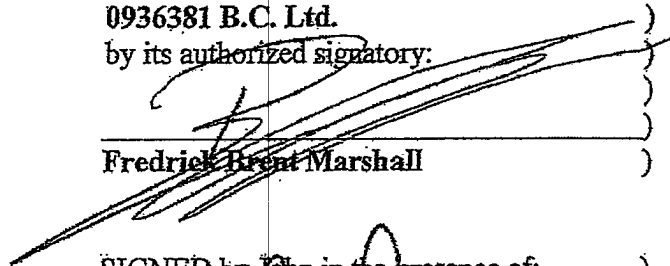
**Belsham & Sons Construction Ltd.** )  
by its authorized signatories: )  
 )  
\_\_\_\_\_) **Rodney David Belsham** )  
 )  
\_\_\_\_\_) **Coreen Esther Belsham** )

SIGNED by Brent in the presence of: )  
\_\_\_\_\_)  
Name )  
\_\_\_\_\_)  
Address )  
\_\_\_\_\_)  
Occupation )

\_\_\_\_\_  
**Fredrick Brent Marshall**

0936381 B.C. Ltd.

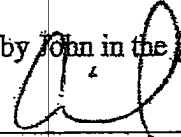
by its authorized signatory:



Fredrick Brent Marshall

SIGNED by John in the presence of:

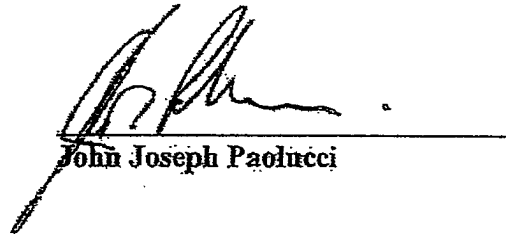
Name



Address

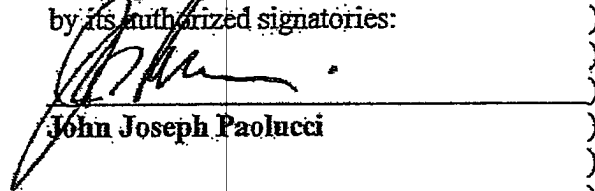
**CLIFF SHIELDS**  
Barrister & Solicitor  
900 - 550 Victoria Street  
Prince George, B.C. V2L 2K1  
Phone (250) 564-3400

Occupation

  
John Joseph Paolucci

Rolling Mix Concrete (B.C.) Ltd.

by its authorized signatories:



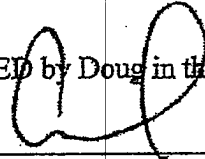
John Joseph Paolucci

Joanne Gialleonardo

Paolina Paolucci

SIGNED by Doug in the presence of:

Name



Address

**CLIFF SHIELDS**  
Barrister & Solicitor  
900 - 550 Victoria Street  
Prince George, B.C. V2L 2K1  
Phone (250) 564-3400

Occupation

  
Douglas Dean Shaw

0936381 B.C. Ltd. )  
by its authorized signatory: )

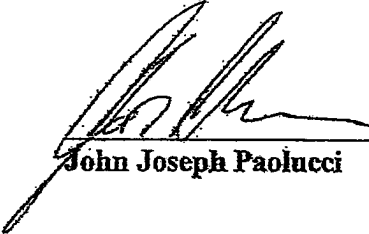
\_\_\_\_\_)  
**Fredrick Brent Marshall** )

SIGNED by John in the presence of: )

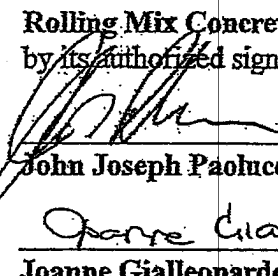
\_\_\_\_\_)  
Name )

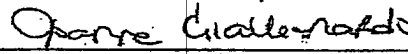
\_\_\_\_\_)  
Address )


\_\_\_\_\_)  
Occupation )

  
\_\_\_\_\_  
**John Joseph Paolucci**

Rolling Mix Concrete (B.C.) Ltd. )  
by its authorized signatories: )

  
\_\_\_\_\_)  
**John Joseph Paolucci** )

  
\_\_\_\_\_)  
**Joanne Gialleonardo** )

  
\_\_\_\_\_)

SIGNED by Doug in the presence of: )

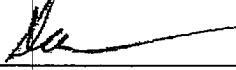
\_\_\_\_\_)  
Name )

\_\_\_\_\_)  
Address )

\_\_\_\_\_)  
Occupation )

\_\_\_\_\_  
**Douglas Dean Shaw**

1054241 B.C. Ltd. )  
by its authorized signatory: )



\_\_\_\_\_)  
Douglas Dean Shaw )



0936381 B.C. Ltd.  
by its authorized signatory:

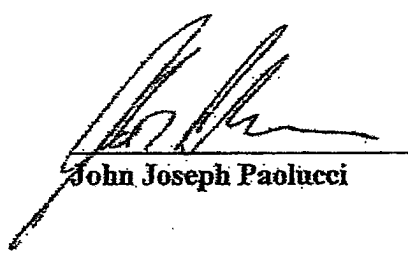
\_\_\_\_\_  
Fredrick Brent Marshall

SIGNED by John in the presence of:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Occupation

  
\_\_\_\_\_  
John Joseph Paolucci

Rolling Mix Concrete (B.C.) Ltd.  
by its authorized signatories:

  
\_\_\_\_\_  
John Joseph Paolucci

  
\_\_\_\_\_  
Joanne Gialleonardo

SIGNED by Doug in the presence of:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Douglas Dean Shaw

## SCHEDULE A

### Definitions

The following words shall, whenever used in this Agreement, have the following meanings:

"Affiliate" means, with respect to any Shareholder:

- (a) any corporation which is directly or indirectly controlled by such Shareholder or by the Representative of such Shareholder and, if any Shareholder is a corporation, means, in addition to the foregoing, any person who controls such corporate shareholder;
- (b) any person, firm or corporation which is not acting at arm's length to such Shareholder, within the meaning ascribed to that expression in the *Income Tax Act*, R.S.C. 1985, 5th Supp., c. 1 in effect on the date of this Agreement;

"Arbitrator" has the meaning given to that term in subsection 16.1;

"Auditors" means:

- (a) if the Company has appointed an auditor, the auditor of the Company most recently appointed;
- (b) if the Company has not so appointed an auditor, the firm of chartered accountants most recently engaged by the Company to advise upon, or assist in the preparation of, review, or report on, its financial statements; or
- (c) if the Company has not engaged any firm of chartered accountants, the firm of KPMG LLP (Prince George, British Columbia);

"Bank" means Integris Credit Union or such other bank or financial institution as the Board may from time to time determine;

"Board" means the board of directors of the Company;

"Business Corporations Act" means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended.

"Business Day" means any day except Saturdays, Sundays or statutory holidays in British Columbia;

"Buy Option" has the meaning given to that term in subsection 9.2;

"Closing" means any closing of the purchase and sale of an Interest of a Shareholder as provided in this Agreement;

"Closing Date" has the meaning given to that term in subsection 12.1;

"Contract" has the meaning given to that term in subsection 12.2;

- "Date" means the date of death of the Deceased;
- "Deceased" has the meaning given to that term in subsection 6.1;
- "Default" has the meaning given to that term in subsection 10.1;
- "Defaulting Shareholder" has the meaning given to that term in subsection 10.1;
- "Exercise Notice" has the meaning given to that term in subsection 9.3;
- "First Valuation Report" has the meaning given to that term in paragraph 13.2(c);
- "First Valuator" has the meaning given to that term in paragraph 13.2(b);
- "Indemnitor" has the meaning given to that term in subsection 4.6;
- "Insolvency Event" means the winding-up or liquidation of a company, the institution of proceedings to be adjudicated a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any analogous laws, the consenting to the institution of such proceedings, the consenting to the filing of any petition under the *Bankruptcy and Insolvency Act* (Canada) or to the appointment of a receiver or receiver-manager, the making of a general assignment for the benefit of creditors, the filing of a proposal to settle payment of creditors' liabilities under the *Companies' Creditors Arrangement Act*, the admission in writing of insolvency, the taking of any action in furtherance of any of the above, the passing of a resolution by a company for its winding-up or dissolution pursuant to s. 314 or 319 of the *Business Corporations Act* or any similar provision enacted in substitution therefor, or upon dissolution of such a company by order of a court pursuant to s. 324 or by the Registrar pursuant to s. 422 or by the Lieutenant Governor in Council pursuant to s. 423 of the *Business Corporations Act* or any similar provision enacted in substitution therefor;
- "Insurance" has the meaning given to that term in subsection 7.1;
- "Insurance Proceeds" means all money due under the Insurance on the life of the Deceased, including any return of the premiums paid in respect of that Insurance if the Deceased did any act or thing rendering the Insurance on his or her life void or invalid, or if any part of the premiums paid are returned for any other reason;
- "Interest" means, in respect of each Shareholder, all of that Shareholder's Shares and Shareholder's Loans and any other right or claim that the Shareholder may have against the Company and the other Shareholders in that Shareholder's capacity as a member of the Company;
- "Nondefaulting Shareholder" has the meaning given to that term in paragraph 10.1(a);
- "Notice of Default" has the meaning given to that term in paragraph 10.2(c);
- "Offer" has the meaning given to that term in subsection 10.3;
- "Offered Shares" has the meaning given to that term in subparagraph 5.2(b)(i);
- "Offeror" has the meaning given to that term in paragraph 5.2(a);

**"Option Event"** has the meaning given to that term in subsection 9.1;

**"Option Interest"** has the meaning given to that term in paragraph 9.2(a);

**"Optionee"** has the meaning given to that term in subsection 9.5;

**"Optionor"** has the meaning given to that term in subsection 9.2;

**"Permanent Incapacity"** means, with respect to any person, the condition that will be deemed to exist where:

- (a) such person has been declared by a court of competent jurisdiction to be mentally incompetent and such declaration has not, at the relevant time, been revoked; or
- (b) such person becomes unable, by reason of illness, mental or physical disability or incapacity or otherwise, to perform his or her normal duties as a director or officer of the Company or as a full-time employee of the Company:
  - (i) for a period of 180 consecutive days; or
  - (ii) for 270 days in the aggregate during any period of 365 consecutive days;

provided that in the event a qualified medical doctor certifies that the person's illness, disability or incapacity is not permanent but merely temporary and that the person shall be fully recovered and able to perform his or her normal duties as a director, officer and full-time employee of the Company within 180 days of the date of the certificate, then such illness, disability or incapacity shall not be deemed to constitute "Permanent Incapacity";

**"Prime Rate"** means the annual rate of interest designated from time to time by the Bank as its prime rate for Canadian dollar commercial loans made in Canada;

**"Purchase Price"** means, with respect to any sale and purchase of an Interest of a Shareholder, the amount payable to purchase such Interest as determined in accordance with the provisions of this Agreement applicable to that sale and purchase;

**"Purchaser"** means the Shareholder(s) who is/are the purchaser(s) of Shares or of an Interest pursuant to any of the provisions of this Agreement;

**"RFR Offer"** has the meaning given to that term in paragraph 5.2(a);

**"Representative"** means:

- (a) in respect of RodCo, its controlling shareholder, Rod;
- (b) in respect of BrentCo, its controlling shareholder, Brent;
- (c) in respect of JohnCo, its controlling shareholder, John; and
- (c) in respect of DougCo, its controlling shareholder, Doug;

**"Second Valuation Report"** has the meaning given to that term in paragraph 13.2(e);

"Second Valuator" has the meaning given to that term in paragraph 13.2(d);

"Sell Option" has the meaning given to that term in paragraph 9.2(b);

"Shareholder" means in respect of the Company, any one of RodCo, BrentCo, JohnCo and DougCo and "Shareholders" means any two or more of them;

"Shareholder's or Shareholders' Loans" means, in respect of each Shareholder, the aggregate amount of money advanced from time to time as a loan by that Shareholder to the Company and not repaid, together with accrued and unpaid interest, if any;

"Shares" means, in respect of each Shareholder, all of the shares of the Company directly or indirectly owned by that Shareholder or in respect of which that Shareholder has any right to purchase (except under this Agreement);

"Subject Interest" has the meaning given to that term in paragraph 6.1(a) or paragraph 13.2(a);

"Subject Purchaser" means the purchaser or purchasers of the Subject Interest;

"Subject Shareholder" has the meaning given to that term in subsection 6.1;

"Subsidiary" has the meaning given to that term in s. 2(2) of the *Business Corporations Act* in effect on the date hereof;

"Third Party Offer" has the meaning given to that term in subparagraph 5.2(b)(v);

"Transfer" of an Interest includes any sale, exchange, transfer, assignment, gift, pledge, encumbrance, hypothecation, alienation or other transaction, whether voluntary, involuntary or by operation of law, whether in whole or in part, by which the legal or beneficial ownership of, or any security interest or other interest in an Interest, passes from one person to another, or to the same person in a different capacity, whether or not for value, and "to transfer", "transferred" and similar expressions have corresponding meanings;

"Transfer Interest" has the meaning given to that term in subsection 12.2;

"Valuation" means a valuation prepared pursuant to subsection 13.2 and which expresses the value per Share and per dollar amount of any Shareholder's Loan; and

"Vendor" means a Shareholder who is the seller of an Interest or Interests pursuant to any of the provisions of this Agreement.

## SCHEDULE B

### Matters Requiring Unanimous Consent of Directors

Pursuant to subsection 3.6 of the Agreement, the following matters shall require the consent of all of the directors of the Company:

- (a) the approval of, or any amendment to, the annual operating and capital expenditure budgets or the business plan of the Company or any of its Subsidiaries;
- (b) except for any expenditures contemplated by an approved capital expenditure or operating budget, any single capital expenditure of the Company or its Subsidiaries in excess of \$5,000.00 (five thousand dollars) per year, or any series of related capital expenditures which exceed, in the aggregate, the sum of \$5,000.00 (five thousand dollars) per year;
- (c) the acquisition (by purchase, lease or otherwise) by the Company or any Subsidiary of any asset having a value in excess of \$5,000.00 (five thousand dollars);
- (d) the entering into, execution, acknowledgement, amendment, supplement, cancellation or termination of any Material Contract on behalf of the Company or any of its Subsidiaries and, for this purpose, "Material Contract" means any of the following:
  - (i) any contract, agreement or other instrument to be entered into by the Company or any of its Subsidiaries with any Shareholder or an Affiliate of a Shareholder;
  - (ii) any contract, agreement or other instrument to be entered into by the Company or any of its Subsidiaries which may in the aggregate over the term of the contract, agreement or instrument involve an obligation of the Company, or any of its Subsidiaries, to pay in excess of \$5,000.00 (five thousand dollars); and
  - (iii) any other contract, agreement or other instrument to be entered into by the Company or any of its Subsidiaries which is material to the business, condition (financial or otherwise), operations or performance of the Company or its Subsidiaries;
- (e) any change in the authorized signing officers of the Company or any of its Subsidiaries in respect of legal documents or transactions with any bank or other financial institution;
- (f) the appointment of, or any changes to, the officers or other senior management of the Company or any of its Subsidiaries;
- (g) the hiring or termination of employment of any management employee or any other employee;
- (h) any material change in the salary, fringe benefits or other compensation whatsoever to be paid to the officers or senior management of the Company or any of its Subsidiaries;

- (i) the adoption or amendment of any bonus, incentive, deferred compensation, stock option, profit sharing, pension or similar plan for any or all of the employees of the Company or any of its Subsidiaries;
- (j) the declaration or payment of, or agreement to declare or pay, any dividend, salary, bonus, fees or other amount by the Company or any of its Subsidiaries to any Shareholder or Affiliate of a Shareholder;
- (k) any borrowing by the Company or any of its Subsidiaries;
- (l) the guarantee by the Company or any of its Subsidiaries of the debts of any other person;
- (m) any loans by the Company or any of its Subsidiaries to any other person;
- (n) the sale, lease, transfer, mortgage, pledge or other disposition of all or substantially all of the undertaking of the Company or of any Subsidiary;
- (o) any amendment to the Notice of Articles, Articles or other constating documents of the Company or any of its Subsidiaries;
- (p) the consolidation, merger or amalgamation of the Company or any of its Subsidiaries with any other company, association, partnership or other legal entity;
- (q) the creation, allotment or issue of, or agreement to create, allot or issue, any shares or other securities of the Company or any of its Subsidiaries, or the granting of any option or right capable of becoming an option to purchase any shares or other securities of the Company or any of its Subsidiaries;
- (r) the dissolution, winding-up or liquidation of the Company or any of its Subsidiaries, the institution of proceedings to be adjudicated a bankrupt or insolvent under the *Bankruptcy and Insolvency Act (Canada)*, the consenting to the institution of such proceedings against the Company or any of its Subsidiaries, the consenting to the institution of bankruptcy or insolvency proceedings against the Company or any of its Subsidiaries under the *Bankruptcy and Insolvency Act (Canada)* or any other analogous laws, the consenting to the filing of any such petition or to the appointment of a receiver or receiver-manager of the property of the Company or any of its Subsidiaries, the making of a general assignment for the benefit of creditors, the filing of a proposal to settle payments of creditors' liabilities under the *Companies' Creditors Arrangement Act*, the admission in writing of the insolvency of the Company or any of its Subsidiaries, or the taking of any corporate action in furtherance of any of the aforesaid purposes;
- (s) the redemption, repurchase or retirement for value of any shares or other securities of the Company, except under the provisions of this Agreement or unless the Company offers to redeem, repurchase or retire all of the issued and outstanding shares or securities of such class or, in case a part only of such shares or securities is to be redeemed, repurchased or retired, the Company offers to redeem, repurchase or retire such shares or securities on a pro rata basis.

## SCHEDULE C

### Capital Contributions

The registered and beneficial holders of all the issued and outstanding shares of the Company, and the amounts of shareholders' loans held by them, are as follows:

| Shareholder | Number and Class of Shares   | Shareholders' Loans |
|-------------|--|---------------------|
| RodCo       | 10 Class A Voting Shares<br>10 Class B Non-Voting Common<br>shares | TBD                 |
| BrentCo     | 10 Class A Voting Shares<br>10 Class B Non-Voting Common<br>Shares | TBD                 |
| JohnCo      | 10 Class A Voting Shares<br>10 Class B Non-Voting Common<br>Shares | TBD                 |
| DougCo      | 10 Class A Voting Shares<br>10 Class B Non-Voting Common<br>Shares | TBD                 |



THIS IS ANNEXURE TWO  
TO THE PETITION OF  
BELSHAM & SONS CONSTRUCTION LTD.,  
ROLLING MIX CONCRETE (BC) LTD. and 1054241  
BC LTD.

**TITLE SEARCH PRINT**

2022-12-08, 10:22:45

File Reference:

Requestor: Jacqueline Trudel

Declared Value \$570000

**\*\*CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN\*\***

**Land Title District**  
Land Title Office

PRINCE GEORGE  
PRINCE GEORGE

**Title Number**  
From Title Number

CA5124089  
CA1533667

**Application Received**

2016-04-21

**Application Entered**

2016-04-25

**Registered Owner in Fee Simple**  
Registered Owner/Mailing Address:

PRINCE GEORGE MOTORSPORTS PARK LTD., INC.NO.  
BC1059418  
C/O 3444 ST. FRANCES CRESCENT  
PRINCE GEORGE, BC  
V2N 5A2

**Taxation Authority**

Prince George Assessment Authority

**Description of Land**

Parcel Identifier:

005-558-085

Legal Description:

LOT 3 DISTRICT LOT 2393 CARIBOO DISTRICT PLAN 29882 EXCEPT PLANS 33297 AND  
33825

**Legal Notations**

THIS CERTIFICATE MAY BE AFFECTED BY THE AGRICULTURAL LAND COMMISSION  
ACT SEE PLAN #21608

**Charges, Liens and Interests**

Nature:

COVENANT

Registration Number:

U13420

Registration Date and Time:

1984-05-01 10:33

Registered Owner:

REGIONAL DISTRICT OF FRASER-FORT GEORGE  
INTER ALIA

Remarks:

INCLUDES INDEMNITY UNDER SECTION 215 LAND  
TITLE ACT

TITLE SEARCH PRINT

2022-12-08, 10:22:45

File Reference:

Requestor: Jacqueline Trudel

Declared Value \$570000

Nature: MORTGAGE  
Registration Number: CA5124322  
Registration Date and Time: 2016-04-21 09:29  
Registered Owner: BANK OF MONTREAL

Nature: ASSIGNMENT OF RENTS  
Registration Number: CA5124323  
Registration Date and Time: 2016-04-21 09:29  
Registered Owner: BANK OF MONTREAL

Duplicate Indefeasible Title NONE OUTSTANDING

Transfers NONE

Pending Applications NONE

