

SHAREHOLDER AGREEMENT

THIS AGREEMENT made and effective the ____ day of _____, _____.

BETWEEN:

SHAREHOLDER1 residing at the City of _____ in _____, (hereinafter called "Shareholder1")

OF THE FIRST PART

AND

SHAREHOLDER2, residing at the City of _____, in _____, (hereinafter called "Shareholder2")

OF THE SECOND PART

AND

SHAREHOLDER3, residing at the City of _____, in _____, (hereinafter called "Shareholder3")

OF THE THIRD PART

AND

CORPORATION, a body corporate, incorporated pursuant to the laws of _____, (hereinafter called the "Corporation")

OF THE FOURTH PART

WHEREAS:

- A. The parties, except the Corporation, are each beneficial owners of Shares in the capital of the Corporation; and
- B. The parties have agreed to enter into this Agreement to establish certain of their respective rights and obligations in respect of the Corporation and its Shares.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for valuable consideration given by each party to each other party, the receipt and sufficiency of which is hereby acknowledged, it is agreed by and among the parties hereto as follows:

ARTICLE ONE - INTERPRETATION

1.1 Definitions

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

- (a) "Agreement" means this Agreement and the expression "paragraph" or "Article" followed by a number means and refers to the specified paragraph or Article of this Agreement;
- (b) "Person" means an individual, a corporation, a partnership, a trustee or an unincorporated organization; and words importing persons have a similar meaning;

- (c) "Shareholders" means the parties hereto except the Corporation; and
- (d) "Shares" means shares in the capital of the Corporation now or hereafter issued and outstanding.

1.2 Extended Meanings

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Interpretation Not Affected by Headings

The division of this Agreement into Articles and Sections and the insertion in this Agreement of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 Applicable Law

This Agreement shall be interpreted in accordance with the laws of _____.

1.5 Time of Essence

Time shall be of the essence in this Agreement.

1.6 Entire Agreement

This Agreement constitutes the entire agreement between the parties and contains all of the representations, undertakings and agreements of the respective parties concerning the subject matter hereof. There are no verbal representations, undertakings or agreements between the parties of any kind concerning the subject matter hereof.

ARTICLE TWO - ONGOING OBLIGATIONS

2.1 Ongoing Obligations

Each Shareholder agrees with the other that during the currency of this Agreement:

- (a) except for the transfers of Shares between the Shareholders or to their respective heirs, executors, administrators, successors, or to his holding company, he will not sell, assign, give or otherwise dispose of, or charge, pledge or otherwise encumber any Shares beneficially owned by him nor any interest therein, save and except as permitted by this Agreement;
- (b) Shares now or hereafter owned by each Shareholder shall be held in trust by such Shareholder upon the conditions herein provided;
- (c) a copy of this Agreement, and any amendments and any notices given pursuant thereto are to be kept in the Minute Book of the Corporation;
- (d) subject to the unanimous agreement of the Shareholders, any Shares issued by the Corporation at a time subsequent to the date of this Agreement shall be issued to, and subscribed for, by the Shareholders in proportion to their shareholdings, immediately prior to such issue, and any such additional Shares shall be subject to the terms of this Agreement to the same extent as if they had been issued at the date of this Agreement;
- (e) no Shares of the Corporation shall be issued subsequent to the date of this Agreement without the written consent of all of the Shareholders;

- (f) except with the unanimous consent in writing of the Shareholders the Corporation will not:
- (i) make any changes in its constating documents;
 - (ii) institute any proceedings for the reorganization, dissolution or winding-up of the Corporation;
 - (iii) borrow funds or incur any debt or obligation which would result in the aggregate indebtedness of the Corporation (other than amounts due to Shareholders) being in excess of \$_____ at any one time;
 - (iv) guarantee the indebtedness of any other person;
 - (v) dispose of or acquire any assets or shares in any other corporation;
 - (vi) enter into any agreement involving an expenditure in excess of _____ Dollars (\$_____) or the term of which, including any renewal period, exceeds ___ months/years;
 - (vii) change the compensation of any director, officer or employee; or
 - (viii) retain funds in the Corporation which in the opinion of the directors are available for distribution to the Shareholders and which are in excess of the Corporation's working capital requirements;

THIS IS A 15-PAGE DOCUMENT.