

## SET-OFF AND CANCELLATION AGREEMENT

THIS AGREEMENT made as of the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

### BETWEEN:

PURCHASER, a body corporate organized pursuant to the laws of  
\_\_\_\_\_ (insert state) (hereinafter referred to as "Purchaser")

OF THE FIRST PART

- and -

SELLER, a body corporate organized pursuant to the laws of  
\_\_\_\_\_ (insert state) (hereinafter referred to as "Seller")

OF THE SECOND PART

### WHEREAS:

- A. Purchaser purchased for cancellation \_\_\_\_\_ issued and outstanding common shares in the capital stock (the "Shares") of Seller;
- B. Purchaser paid for such shares by making and delivering a promissory note in favor of Seller (the "Purchaser Note");
- C. Seller has redeemed all of the Shares owned by Purchaser;
- D. Seller has paid for the Shares by making and delivering a promissory note in favor of Purchaser (the "Seller Note");
- E. The Seller Note is in the same principal amount as the Purchaser Note.