

- (a) in the case of a Notice to the Purchaser, at:

Allen-Vanguard Corporation
5459 Canotek Road
Ottawa, Ontario
K1J 9M3

Facsimile No.: (613) 749-8981

Attention: David Luxton
President and CEO

with a copy to:

Lang Michener LLP
50 O'Connor Street
Suite 300
Ottawa, Ontario
K1P 6L2

Facsimile No.: (613) 231-3191

Attention: Elisabeth Preston

- (b) in the case of Richard L'Abbé and 1062455 Ontario Inc., to Richard L'Abbé, at:

c/o Richard L'Abbé
1902 – 3590 Rivergate Way
Ottawa, Ontario K1V 1V6

- (c) to Growthworks Canadian Fund Ltd.

275 Slater Street, Suite 900
Ottawa, Ontario K1P 5H9

Facsimile No.: (613) 567-3979

Attention: Richard Charlebois
Vice President, Investments

with a copy to Growthworks Canadian Fund Ltd.

20 Queen Street West, Suite 3504
Toronto, Ontario M5H 3R3

Facsimile No.: (416) 929-0901

Attention: Les Lyall
Senior Vice-President

(d) to Schroder Canada and Schroder UK, at
c/o Schrodgers Venture Managers (Canada) Limited
Suite 3000, 1800 McGill College Ave.
Montreal, Quebec H3A 3J6

Facsimile No.: 514-861-2495

Attention: Paul S. Echenberg

with a copy to Stikeman Elliott LLP:

40th Floor, 1155 René Levesque West
Montreal, QC H3B 3V2

Facsimile No.: 514-397-3222

Attention: André Roy

and with a copy to:

Schroder Ventures Holdings Limited
111 Strand Street
London WC2R 0AG

Facsimile No.: (44) 201 240 5346

Attention: Gerard Lloyd

(e) to the Corporation, at:

Med-Eng Systems Inc.
2400 St. Laurent Blvd.
Ottawa, Ontario K1G 6C4

Facsimile No.: 613-739-3345

Attention: Danny Osadca, President and CEO

with a copy to:

McCarthy Tétrault LLP
Barristers & Solicitors
Suite 1400, 40 Elgin Street
Ottawa, ON K1P 5K6

Facsimile No: 613-563-9386

Attention: Robert D. Chapman

(f) to the Escrow Agent, at:

Computershare Trust Company of Canada
100 University Avenue
9th Floor, North Tower
Toronto, Ontario M5J 2Y1

Facsimile No. 416-981-9777

Attention: Manager, Corporate Trust

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Business Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Business Day then the Notice shall be deemed to have been given and received on the next Business Day.

Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section.

5.2 Assignment

Any Offeree Shareholder may assign any of its rights or obligations under this Agreement to any Affiliate of such Offeree Shareholder. Any Offeree Shareholder may assign any of its rights or obligations under this Agreement in connection with any dissolution or winding-up of such Offeree Shareholder only with the prior written consent of the Purchaser, which consent shall not be unreasonably withheld. Each of the Corporation and the Purchaser may assign and transfer this Agreement and any of its rights and obligations under this Agreement, in whole or in part, to an Affiliate or to any one subsequent purchaser of the Corporation or the Purchaser or any of their respective Affiliates. Other than as expressly provided in this Section 5.2, neither this Agreement nor any of the rights or obligations under this Agreement shall be assignable or transferable by any Party without the prior written consent of the other Parties.

5.3 Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation, dissolution or winding-up of any Party) and permitted assigns.

5.4 Amendment

No amendment, supplement, modification or waiver or termination of this Agreement and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by the Party to be bound thereby.

5.5 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Closing.

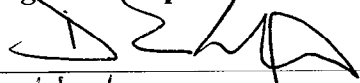
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5.6 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have executed this Agreement.

Allen-Vanguard Corporation

By: 
Name: *David Luxton*
Title: *President and CEO*

Richard L'Abbé

1062455 Ontario Inc.

By: _____
Name:
Title:

Growthworks Canadian Fund Ltd., by its manager, GrowthWorks WV Management Ltd.

By: _____
Name:
Title:

Med-Eng Systems Inc.

By: _____
Name:
Title:

Schroder Venture Managers (Canada)

Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

By: _____
Name:
Title:

Schroder Ventures Holdings Limited in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, on behalf Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of SVG Capital plc (formerly, Schroder Ventures International Investment Trust plc)

By: _____
Name:
Title:

Computershare Trust Company of Canada

By: _____
Name:
Title:

By: _____
Name:
Title:

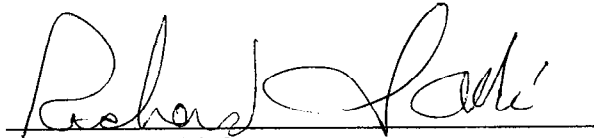
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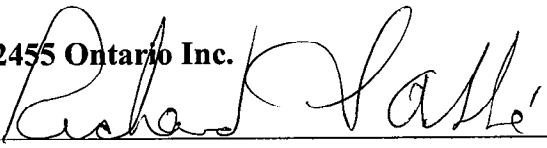

Richard L'Abbe

Schroder Venture Managers (Canada)

Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

By: _____
Name:
Title:

1062455 Ontario Inc.

By: 
Name:
Title:


Schroder Ventures Holdings Limited in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, on behalf Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of SVG Capital plc (formerly, Schroder Ventures International Investment Trust plc)

By: _____
Name:
Title:

Growthworks Canadian Fund Ltd., by its manager, GrowthWorks WV Management Ltd.

By: _____
Name:
Title:

Med-Eng Systems Inc.

By: 
Name: BLAIR GEDDES
Title: CFO

Computershare Trust Company Of Canada

By: _____
Name:
Title:

By: _____
Name:
Title:

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Allen-Vanguard Corporation


By: _____
Name:
Title:

Richard L'Abbé

1062455 Ontario Inc.

By: _____
Name:
Title:

Growthworks Canadian Fund Ltd., by its manager, GrowthWorks WV Management Ltd.

By:  _____
Name: Timothy Lee
Title: SVP Investments

Med-Eng Systems Inc.

By: _____
Name:
Title:

Schroder Venture Managers (Canada)

Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

By: _____
Name:
Title:

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Allen-Vanguard Corporation

By: _____
Name:
Title:

Richard L'Abbé

1062455 Ontario Inc.

By: _____
Name:
Title:

Growthworks Canadian Fund Ltd., by its manager, GrowthWorks WV Management Ltd.

By: _____
Name:
Title:

Med-Eng Systems Inc.

By: _____
Name:
Title:

Schroder Venture Managers (Canada)

Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

By: Cathy
Name: CATHERINE LYNG
Title: DIRECTOR

Schroder Ventures Holdings Limited in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, on behalf Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of SVG Capital plc (formerly, Schroder Ventures International Investment Trust plc)

By: _____
Name:
Title:

Computershare Trust Company Of Canada

By: _____
Name:
Title:

By: _____
Name:
Title:

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Allen-Vanguard Corporation

By: _____
Name:
Title:

Richard L'Abbé

1062455 Ontario Inc.

By: _____
Name:
Title:

Growthworks Canadian Fund Ltd., by its manager, GrowthWorks WV Management Ltd.

By: _____
Name:
Title:

Med-Eng Systems Inc.

By: _____
Name:
Title:

Schroder Venture Managers (Canada)

Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

By: _____
Name:
Title:

Schroder Ventures Holdings Limited in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, on behalf Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of SVG Capital plc (formerly, Schroder Ventures International Investment Trust plc)

By: Edward Lloyd
Name: BERARD LLOYD
Title: Director

Computershare Trust Company Of Canada

By: _____
Name:
Title:

By: _____
Name:
Title:

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Allen-Vanguard Corporation

By: _____
Name:
Title:

Richard L'Abbé

1062455 Ontario Inc.

By: _____
Name:
Title:

**Growthworks Canadian Fund Ltd., by its
manager, GrowthWorks WV Management Ltd.**

By: _____
Name:
Title:

Med-Eng Systems Inc.

By: _____
Name:
Title:

Schroder Venture Managers (Canada)

Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

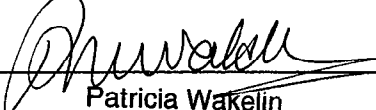
By: _____
Name:
Title:

Schroder Ventures Holdings Limited in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, on behalf Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of SVG Capital plc (formerly, Schroder Ventures International Investment Trust plc)

By: _____
Name:
Title:

Computershare Trust Company Of Canada

By: 
Name: **Michelle Mendonca**
Title: **Professional, Corporate Trust**

By: 
Name: **Patricia Wakelin**
Title: **Professional, Corporate Trust**

SCHEDULE 2.3 – FORM OF INVESTMENT DIRECTION

Investment Direction

**To: Computershare Trust Company of Canada
(the “Escrow Agent”)**

**Re: Escrow agreement made as of September 17, 2007 (the “Agreement”) between
Allen-Vanguard Corporation, the Offeree Shareholders (as defined therein), Med-
Eng Systems Inc. and the Escrow Agent**

Capitalized terms are as defined in the Agreement, unless otherwise noted.

Pursuant to Section 2.3 of the Agreement, the Offeree Shareholders hereby direct the Escrow Agent to invest the [**Indemnification Escrow Fund/Working Capital Escrow Fund**] as set forth in Exhibit I attached hereto, and this direction shall constitute good and sufficient authority for so doing.

Dated this day of , .

Growthworks Canadian Fund Ltd., by its
manager, GrowthWorks WV Management Ltd.

Richard L’Abbé

By: _____
Name:
Title:

1062455 Ontario Inc.

By: _____
Name:
Title:

Schroder Ventures Holdings Limited in its
capacity as general partner of Schroder
Canadian Buy-Out Fund II UKLP, on behalf
Schroder Canadian Buy-Out Fund II
Coinvestment Scheme and on behalf of SVG
Capital plc (formerly, Schroder Ventures
International Investment Trust plc)

By: _____
Name:
Title:

**Schroder Venture Managers (Canada)
Limited** in its capacity as general partner of
each of Schroder Canadian Buy-Out Fund II
Limited Partnership CLP1, Schroder Canadian
Buy-Out Fund II Limited Partnership CLP2,
Schroder Canadian Buy-Out Fund II Limited
Partnership CLP3, Schroder Canadian Buy-Out
Fund II Limited Partnership CLP4, Schroder
Canadian Buy-Out Fund II Limited Partnership
CLP5, Schroder Canadian Buy-Out Fund II
Limited Partnership CLP6

By: _____
Name:
Title:

SCHEDULE 4.1(f)

**Proportionate Interests of the Shareholders
and Mailing Addresses for Distributions**

Last name	First name	Address	No. of Shares	%
1062455 Ontario Inc.		3590 Rivergate Way, Apt. 1902 Ottawa, ON K1V 1V6	9,533,022	19.3365958481%
485189 Ontario Ltd.		3 Sherk Crescent Kanata, ON K2K 2L5	55,000	0.1115609270%
6223087 Canada Inc.		48 Park Avenue Ottawa, ON K2P 1B2	249,891	0.5068740294%
Abou Hamad	Remonde	29-1900 Marquis Avenue Ottawa, ON K1J 8J2	710	0.0014401501%
Allan Ross Holdings Inc.		Apt #1 - 130 Rideau Terrace Ottawa, ON K1M 0Z2	60,000	0.1217028295%
Almstedt	Brent	38 Hobart Crescent Nepean, ON K2H 5S4	35,000	0.0709933172%
Angeles	Johnny	3444 Southgate Road Ottawa, ON K1V 9P9	500	0.0010141902%
Anomira Software Corporation		54 Dalecroft Crescent Nepean, ON K2G 5V8	30,000	0.0608514147%
Baril	Maurice	1387 Micmac Street Ottawa, ON K1H 7N4	50,000	0.1014190246%
Barker	Lori	789 Moffat Street South Pembroke, ON K8A 3Y3	500	0.0010141902%
Batten	David	1075 Rocky Harbour Crescent Ottawa, ON K1V 1V3	11,500	0.0233263757%
Beach	Shirley	Box 2 Douglas, ON K0J 1S0	2,000	0.0040567610%
Bechthold	Grant	52 Stonemeadow Drive Kanata, ON K2M 2K2	21,000	0.0425959903%
Beckett	Janet	88 Kiwita Inamo Golden Lake, ON K0J 1X0	50	0.0001014190%
Behrens-Nicholls	Vanessa	9 Pemberton Crescent Nepean, ON K2G 4Y7	1,900	0.0038539229%
Beland	Robert	63-120 Sullivan Avenue Ottawa, ON K2G 1V2	150	0.0003042571%

Last name	First name	Address	No. of Shares	%
Belanger	Monique	3511 Gendron Street Hammond, ON K0A 2A0	10,900	0.0221093474%
Bennett	Alan	5263 Chute Lake Road Kelowna, BC V1W 4K8	53,000	0.1075041660%
Bogomolov	Vadim	225 Alvin Road, Apt 314 Ottawa, ON K1K 4H6	1,100	0.0022312185%
Boivin	Pierre	Bell Centre, 1275 St. Antoine Street, 7th Floor Montreal, QC H3C 5L2	325,000	0.6592236597%
Briggs	Jamie	300 B. Clendenan Avenue Toronto, ON M6P 2X3	4,100	0.0083163600%
Brown	Peter	2023 Keldon Crescent Gloucester, ON K1B 4Y1	1,300	0.0026368946%
Bueley	Doug	1373 Old Carriage Lane RR1 Box 2020 Winchester, ON K0C 2K0	14,200	0.0288030030%
Burgess	Patricia	1133 Boundary Road Pembroke, ON K8A 7T9	100	0.0002028380%
Burke	Peter	701 Weston Drive Ottawa, ON K1G 1V7	11,000	0.0223121854%
Burkhart	William	4519 Aries Drive El Paso, TX 79924 USA	1,270	0.0025760432%
Butterfield	Tony	243 Belmont Court Ogdensburg, NY 13669 USA	50	0.0001014190%
Cale	Sean	1788 Belval Crescent Orleans, ON K1C 6C5	3,500	0.0070993317%
Campbell	Barbara	118 Sampson Street Ottawa, ON K1V 7L4	100	0.0002028380%
Carson	John	39 Steeple Hill Cres Nepean, ON K2R 1G2	81,800	0.1659215242%
Carter	Gerry	61 Hunterswood Crescent Ottawa, ON K1G 5V7	3,000	0.0060851415%

Last name	First name	Address	No. of Shares	%
Casey	Mark	31 Chickasaw Crescent Kanata, ON K2M 1M6	4,000	0.0081135220%
Chartrand	Frank	1105 Lasalle Road Cornwall, ON K6H 2W2	1,800	0.0036510849%
Chen	Gerald	9-518 Lisgar Street Ottawa, ON K1R 5H5	474	0.0009614524%
Cheng	Ming	1827 Belcourt Blvd. Ottawa, ON K1C 4N3	2,280	0.0046247075%
Clay	Alex	926 Rand Avenue Ottawa, ON K1V 6X4	23,300	0.0472612654%
Colledan	Marc	503-1150 Fisher Avenue Ottawa, ON K1Z 8M6	1,000	0.0020283805%
Copp	Sandra	6908 Fourth Line Road North Gower, ON K0A 2T0	5,000	0.0101419025%
Corriveau	Anthony	8599 Round Lake Road Pembroke, ON K8A 6W8	58,432	0.1185223289%
Crigger	Eldine	RR#4 Pembroke, ON K8A 6W5	1,000	0.0020283805%
Crossman	Danny	21 Canadian Drive, RR#4, Ashton, ON K0A 1B0	70,000	0.1419866344%
Crupi	Vince	2 Heathwood Gate Nepean, ON K2G 6Y5	1,272,380	2.5808707695%
Csathy	Thomas	13 Arlington Way Thornhill, ON L3T 3W9	331,160	0.6717184835%
Curridor	Guido	224 Langstaff Drive P.O. Box 136 Carp, ON K0A 1L0	75,000	0.1521285368%
Curry	Harry	811 Raglin Street South Renfrew, ON K7V 1S3	1,000	0.0020283805%
De Haan	Susan	4899 Beachburg Road, RR#1 Pembroke, ON K8A 6W2	600	0.0012170283%
de Wit	Stephan	912-315 Holmwood Ave. Ottawa, ON K1S 2R2	300	0.0006085141%

Last name	First name	Address	No. of Shares	%
De Angelis	Claudio	47 Ayton Lane Kanata, ON K2K 2H8	115,000	0.2332637565%
Dedman	Ross	49 Amberwood Crescent Ottawa, ON K2E 7C2	39,286	0.0796869560%
Delorme	Martin	6859 Rocque Street Orleans, ON K1C 1A3	9,400	0.0190667766%
Demers	Mario	6873 Twin Lakes Ave. Greely, ON K4P 1P1	105,000	0.2129799516%
Dickson	Christopher	69 Beddington Avenue Nepean, ON K2J 5N4	46,500	0.0943196928%
Dickson	Dean	335 Metcalfe Street, Apt. 7 Ottawa, ON K2P 1S5	420	0.0008519198%
Dickson	Kerrie	4424 Wildmint Square Ottawa, ON K1V 1N6	33,509	0.0679690019%
Dignard	Ron	13701 Grantley Road RR#1 Chesterville, ON K0C 1H0	15,000	0.0304257074%
Dionne	Jean-Philippe	44 Du Martin-Pecheur Gatineau, QC J9A 3A5	70,000	0.1419866344%
Dobbs	Kirk	26 Heritage Dr. Petawawa, ON K8H 3J3	935,431	1.8974099914%
Donais	Len	98 Summerwalk Place Ottawa, ON K2G 5Y4	10,000	0.0202838049%
Dore	Diane	1481 Roberval Avenue Orleans, ON K4A 2L9	27,855	0.0565005386%
Dorner	Susan	126 Kennevale Drive Nepean, ON K2J 3X7	2,470	0.0050100998%
Doyle	Denzil	3 Sherk Crescent Kanata, ON K2K 2L5	50,071	0.1015630396%
Doyle	Mike	54 Dalecroft Crescent Nepean, ON K2G 5V8	18,286	0.0370909657%
Dubois	Marc	225-3310 Southgate Road Ottawa, ON K1V 8X4	8,700	0.0176469103%
Dussoye	Sooren	40 Pennard Way Ottawa, ON K1T 4C1	1,000	0.0020283805%
Earey	Jonathan	5809 Queenscourt Crescent Manotick, ON K4M 1K3	102,000	0.2068948101%

Last name	First name	Address	No. of Shares	%
Elmaach	Ismail	3070 Phillip Road Ottawa, ON K4C 1A5	20,700	0.0419874762%
Estate of Marie-Lyne St. Hilaire		1094 Cote Street Rockland, ON K4K 1J6	920	0.0018661101%
Faust	Chris	279 Sweeney Road Potsdam, NY 13676 USA	20,000	0.0405676098%
Fortin	Jean	192 Parkgrove Drive Orleans, ON K1E 2T1	500	0.0010141902%
Foster	Michael	6056 Kaycourt Drive Osgoode, ON K0A 2W0	14,000	0.0283973269%
Fumerton	Dale	2406 County Road 18 RR #5 Kemptville, ON K0G 1J0	344	0.0006977629%
Gallant	Glen	21 Oakhurst Crescent Ottawa, ON K1B 4A5	76,975	0.1561345883%
Gawad	Sylvie	94 Shearer Crescent Kanata, ON K2L 3V6	4,920	0.0099796320%
Geddes	Blair	70 Kimbolton Crescent Kanata, ON K2K 2S4	320,830	0.6507653130%
Gingrich	Ken	207 Mohawk Avenue Waterloo, ON N2L 2T4	240,000	0.4868113179%
Goffin	Carol-Ann	32 Meadowlands Drive West Nepean, ON K2G 2R4	3,750	0.0076064268%
Goldberg	Colleen	19 Cameron Street Beachburg, ON K0J 1C0	500	0.0010141902%
Gopsill	Jacqueline	3617 River Road Manotick, ON K4M 1B4	1,950	0.0039553420%
Gower	Jon	19 Weatherly Drive Kanata, ON K2W 1A3	31,305	0.0634984513%
Green Avenue Ventures Inc.		C/O Barrs Service Centre, Graham Street Pakenham, ON K0A 2X0	130,971	0.2656590213%
GrowthWorks Canadian Fund Ltd.		c/o Mr. Richard Charlebois 275 Slater Street, Suite 900 Ottawa, ON K1P 5H9	6,130,606	12.4352016104%

Last name	First name	Address	No. of Shares	%
Guindon	Natalia	1378 Highgate Road Ottawa, ON K2C 2Y6	1,620	0.0032859764%
Hall	Sarah	122 Jessie Street, P.O. Box 235 Pakenham, ON K0A 2X0	2,500	0.0050709512%
Hallahan	Greg	23 Doucett Drive Carleton Place, ON K7C 4G3	118,395	0.2401501083%
Hamel	Eric	21 Gray Crescent Ottawa, ON K2K 3J5	6,108	0.0123893480%
Hart	Beata	152 Mcurdy Drive Ottawa, ON K2L 2Z6	15,525	0.0314906071%
Hartwig	Lorraine	663 Angle Street Pembroke, ON K8A 5E6	5,450	0.0110546737%
Harwood	Melinda	3 Cheryl Road, Unit 11 Ottawa, ON K2G 0V5	1,400	0.0028397327%
Hedge	Clint	13300 County Road, 13, RR#1 Winchester, ON K0C 2K0	9,350	0.0189653576%
Helman	Gilad	171 Bayswater Avenue Ottawa, ON K1Y 2G4	208	0.0004219031%
Henry	Mark	25 Zokol Crescent Kanata, ON K2K 2K4	27,060	0.0548879761%
Holmes	Chris	102 Tamblyn Crescent Kanata, ON K2L 3A4	1,200	0.0024340566%
Houde	Muriel	26 Summit Ave Deep River, ON K0J 1P0	1,000	0.0020283805%
Hoy	Ann	204 Elliott Dr. P.O. Box 227 Kemptville, ON K0G 1J0	5,000	0.0101419025%
Hubbard	Tammy	135 Johnstown Street Gouverneur, NY 13642 USA	380	0.0007707846%
Hudson	Dan	3617 River Road Manotick, ON K4M 1B4	12,900	0.0261661083%

Last name	First name	Address	No. of Shares	%
Hunter	Jonathan	1009 Dorothea Court Fredericksburg, VA 22401 USA	43,433	0.0880986499%
Jacques	Richard	402 Greber Blvd, Apt. #3 Gatineau, QC J8T 5R5	500	0.0010141902%
Jagdev	Parminder	712 Clearbrook Drive Nepean, ON K2J 5P1	3,000	0.0060851415%
Jamieson	Bill	211 Omstead-Jeffrey Lake Rd RR#1 Haley Station, ON K0J 1Y0	25,000	0.0507095123%
Jo-Ann Geddes Trust		70 Kimbolton Crescent Kanata, ON K2K 2S4	85,000	0.1724123418%
Johnson	Alison	171 Briston Private Ottawa, ON K1G 5R3	11,500	0.0233263757%
Jones	Craig	124 Copperwood Street Ottawa, ON K1C 7S2	500	0.0010141902%
Kalaam	Shaik	1049 Connery Avenue Ottawa, ON K1G 2N9	62,000	0.1257595905%
Kerr	Shannon	64 Grovenhurst Drive Nepean, ON K2G 6V9	1,770	0.0035902335%
Klinger	Angelika	2047 Dunnolie Cresent Kanata, ON K2W 1H5	4,475	0.0090770027%
Krueger	Bernard	202 Main St. N., Box 202 Chesterville, ON K0C 1H0	10,200	0.0206894810%
L'Abbe	Richard	3590 Rivergate Way, Apt. 1902 Ottawa, ON K1V 1V6	734,801	1.4904560134%
Lair	Michele	7 Erma Street Pembroke, ON K8A 0A4	25,000	0.0507095123%
Lariviere	Jeff	10368 French Settlement Road Mountain, ON K0E 1S0	31,520	0.0639345531%
Leach	Joyce	RR#3 Pembroke, ON K8A 6W4	2,200	0.0044624371%
Leask	Alex	100 Borga Crescent Ottawa, ON K1T 2E2	2,000	0.0040567610%

Last name	First name	Address	No. of Shares	%
Legault	Christina	49 Seguinbourg Road Casselman, ON K0A 1M0	300	0.0006085141%
Leron	Gwen	62 Pennard Way Ottawa, ON K1T 4C1	100	0.0002028380%
Lewis	Nic	401 Huron Avenue South Ottawa, ON K1Y 0X2	99,480	0.2017832913%
Li	Chunyao	24 Hemlo Crescent Kanata, ON K2T 1C7	3,500	0.0070993317%
Loch Isle Holdings Ltd.		61 Loch Isle Nepean, ON K2H 8G7	182,989	0.3711713177%
Logan	Peter	59 Bartley Crescent Nepean, ON K2J 1R9	5,000	0.0101419025%
Lottie	Cynthia	539 Old Northern Road Dekalb Junction, NY 13630 USA	100	0.0002028380%
Lukshis	Rob	7 Valerie Court Stittsville, ON K2S 1L2	5,000	0.0101419025%
MacIntyre	Jordan	1475 County Road 18 RR#1 Oxford Mills, ON K0G 1S0	18,200	0.0369165249%
Makris	Aris	8 Gleeson Way Nepean, ON K2J 5A2	620,367	1.2583403203%
Marchand	Paul	55 Riverbrook Road Nepean, ON K2H 7W7	15,000	0.0304257074%
McCann	Heather	1853 Featherstone Drive Ottawa, ON K1H 6P6	500	0.0010141902%
McCann	Mary Anne	51 Sebastopol Street Foymount, ON K0J 1W0	20	0.0000405676%
McDermid	Kim	2545 Cleroux Crescent Gloucester, ON K1W 1B6	21,300	0.0432045045%
McLaughlin	Angela	532 Nelson Street Pembroke, ON K8A 3P4	5,000	0.0101419025%
Miles	Fred	1988 Quincy Avenue Ottawa, ON K1J 6B5	30,000	0.0608514147%

Last name	First name	Address	No. of Shares	%
Miller	Mike	2104 River Road Manotick, ON K4M 1B4	2,270	0.0046044237%
Milne	John	13 Crossing Bridge Court Stittsville, ON K2S 1S2	1,000	0.0020283805%
Mitchell	Karen	206 Grey Fox Drive Carp, ON K0A 1L0	1,470	0.0029817193%
Mitchell	Lenore	2074 LeGrand Crescent Ottawa, ON K1E 3T5	600	0.0012170283%
Morales	Juan Carlos	7655 Main Street Grovetown, GA 30813- 1217 USA	3,455	0.0070080546%
Moran	Christopher Leigh	6575 Tooney Drive Ottawa, ON K1C 6G3	22,500	0.0456385611%
Munro	Andrew	11 Stikine Kanata, ON K2T 1H1	128,780	0.2612148397%
Murphy	Carol	P.O. Box 1067 Kemptville, ON K0G 1J0	1,730	0.0035090982%
Murphy	Colin	117 Ridgefield Crescent Nepean, ON K2H 6T4	5,700	0.0115617688%
Myles	Justin	6100 8th Line Carlsbad Springs, ON K0A 1K0	7,500	0.0152128537%
Norton	Barbara	C/O Barrs Service Centre, Graham Street Pakenham, ON K0A 2X0	64,786	0.1314106585%
Norton	Mark	C/O Barrs Service Centre, Graham Street Pakenham, ON K0A 2X0	90,000	0.1825542442%
O'Brien	John	963 Hare Avenue Ottawa, ON K2A 3J6	11,000	0.0223121854%
O'Meara	Debbie	601 Two Mile Trail Beachburg, ON K0J 1C0	20	0.0000405676%
Osadca	Danny	159 Grandview Road Ottawa, ON K2H 8B8	150,000	0.3042570737%
Paap	Stephen	2855 Andover Avenue Carlsbad, CA 92010 USA	2,450	0.0049695322%

Last name	First name	Address	No. of Shares	%
Pakenham Holdings Inc.		C/O Barrs Service Centre, Graham Street Pakenham, ON K0A 2X0	219,489	0.4452072057%
Palsson	Brian	19 Humphrey Way Kanata, ON K2L 2S9	20,000	0.0405676098%
Pantazopoulos	Theoe	3752 Twin Falls Place Ottawa, ON K1V 1W5	19,000	0.0385392293%
Patey	Darlene	RR #7 Pembroke, ON K8A 6W8	400	0.0008113522%
Phillips	Troy	78 Insmill Crescent Kanata, ON K2T 1G4	16,500	0.0334682781%
Polak	Zoran	20 McIntyre Street St. Catharines, ON L2S 3W9	10,000	0.0202838049%
Porteous	Jeff	5 Timothy Drive Arnprior, ON K7S 3L1	367	0.0007444156%
Presley	Shane	P.O. Box 41 6677 Willisbrook North Gower, ON K0A 2T0	3,500	0.0070993317%
Racine	Jill	19 Daillee Road Arnprior, ON K7S 3G8	1,000	0.0020283805%
Rafferty	Jacquie	29 Knudson Drive Kanata, ON K2K 1L6	608	0.0012332553%
Rice	James	214 Mart Circle Ottawa, ON K1K 2W9	3,000	0.0060851415%
Risdahl	Jennifer	86 Meadowbreeze Drive Kanata, ON K2M 2L9	1,000	0.0020283805%
Robichaud	Jean	57 rue de Braine Blainville, QC J7B 1Z2	61,291	0.1243214687%
Robillard	Angelita	306 Dalehurst Drive Nepean, ON K2G 4E4	7,000	0.0141986634%
Rodas	Ricardo	223 Duntroon Circle Ottawa, ON K1T 4C9	10,000	0.0202838049%
Roebathan	Michaela	507-40 The Driveway Ottawa, ON K2P 2C9	10,100	0.0204866430%
Roesler	Arawana	PO Box 226 Golden Lake, ON K0J 1X0	100	0.0002028380%

Last name	First name	Address	No. of Shares	%
Rose	Joseph	376 Bell Street Pembroke, ON K8A 2K5	266,350	0.5402591439%
Rose	Rita	376 Bell Street Pembroke, ON K8A 2K5	4,800	0.0097362264%
Rozon	Dave	538 Chartrand Street Russell, ON K4R 1G1	182,000	0.3691652494%
Ruddock	Dave	18 Sherk Crescent Kanata, ON K2K 2L3	18,325	0.0371700725%
Sarbutt	Katherine	388 Dufferin Street Carleton Place, ON K7C 3K5	11,590	0.0235089299%
Schlievert	Mildred	488 Pleasant Park Road Ottawa, ON K1H 5N1	10,300	0.0208923191%
Schroder Venture Managers (Canada) Limited		1800 McGill College Avenue, Suite 3000 Montreal, QC H3A 3J6	14,710,761	29.8390206249%
Schroders Ventures Holdings Limited		1800 McGill College Avenue, Suite 3000 Montreal, QC H3A 3J6	7,681,261	15.5805199611%
Scott	Ian	1276 Amesbrooke Drive Ottawa, ON K2C 2E9	600	0.0012170283%
Scott	Kenneth	8 Stonepath Cresent Stittsville, ON K2S 1S4	10,700	0.0217036713%
Scott	Shawn	1 Thornton Avenue - Apt 1 Ottawa, ON K1S 2R8	2,500	0.0050709512%
Semeniuk	Kevin	71 Farm Gate Crescent Ottawa, ON K2E 7N3	12,824	0.0260119514%
Sennema	Edward	1702 Smithers Crescent Orleans, ON K1C 4X3	40,000	0.0811352197%
Slobozianu	Magda	1841 Arizona Avenue Ottawa, ON K1H 6Z5	38,000	0.0770784587%
Soubliere	Jean Pierre	61 Loch Isle Nepean, ON H2H 8G7	90,000	0.1825542442%
Sparfel	William	Safedesign Apparel Ltd, 34 Torlake Road Toronto, ON M8Z 1B3	20,000	0.0405676098%
Stashick	Rose	11696 Lakeshore Drive P.O. Box 3037 Morrisburg, ON K0C 1X0	11,600	0.0235292137%

Last name	First name	Address	No. of Shares	%
Stephen Wayne Paap and Alison Bryce Paap Revocable Trust		2855 Andover Avenue Carlsbad, CA 92010 USA	32,884	0.0667012641%
Suvakov	Srdjan	1 Malden Square Ottawa, ON K1V 9T2	15,000	0.0304257074%
Tanguay	Joanne	1394 Plumber Avenue. Ottawa, ON K1K 4A9	4,000	0.0081135220%
Taylor	Susan	432 Valade Crescent Orleans, ON K4A 2W3	1,125	0.0022819281%
Terris	Sean	4 Cinnabar Way Stittsville, ON K2S 1Y4	2,000	0.0040567610%
The Aris Makris Family Trust		8 Gleeson Way Nepean, ON K2J 5A2	450,000	0.9127712211%
Thomas I. Csathy and Marianna Csathy		13 Arlington Way Thornhill Ontario	10,000	0.0202838049%
Timmis	Paul	137 Goodman Drive Kanata, ON K2W 1C7	32,250	0.0654152708%
Tkalitch	Elena	27 Wrenwood Cresent Ottawa, ON K2G 5V4	1,000	0.0020283805%
Tran	Hong	47 Spur Avenue Kanata, ON K2M 2R9	105	0.0002129800%
Traversy	Nicholas	515-2951 Riverside Drive Ottawa, ON K1V 8W6	2,525	0.0051216607%
Trebenskie	Faye	41 Meadowbrook Drive Pembroke, ON K8A 7C2	1,400	0.0028397327%
Truman	Debbie	629 Glen Street Pembroke, ON K8A 6V5	100	0.0002028380%
Turcotte	Ed	2079 Boisfranc Circle Ottawa, ON K4A 4Z7	1,000	0.0020283805%
University of Ottawa Heart Institute		c/o Mr. Tom Hewitt 40 Ruskin Street, Room 2411 Ottawa, ON K1Y 4W7	543,478	1.1023801727%
Valjan-Arambasic	Serafina	45 Rue Des Oblats Gatineau, QC J8T 8S3	3,000	0.0060851415%
Vince & Danielle Crupi Family Trust		2 Heathwood Gate Nepean, ON K2G 6Y5	782,420	1.5870454640%

Last name	First name	Address	No. of Shares	%
Wagner	Shawn	P.O Box 121 38 Pembroke Street Cobden, ON K0J 1K0	1,333	0.0027038312%
Waitman	Chris	8312 Nashdale Drive Metcalf, ON K0A 2P0	20,000	0.0405676098%
Wallace	Christopher M.	1-348 Winona Avenue Ottawa, ON K1Z 5H4	2,500	0.0050709512%
Wang	Frank	56 Thornbury Crescent Ottawa, ON K2G 6C4	7,750	0.0157199488%
White	Karen	211-12 Corkstown Road Nepean, ON K2H 5B3	824	0.0016713855%
Wiens	Jason	35g Robinson Avenue Ottawa, ON K1N 8N8	6,275	0.0127280876%
Williamson	Joanne	919 Beauclaire Drive Gloucester, ON K1C 2J5	115,000	0.2332637565%
Winton	Dave	1277 Pebble Road Ottawa, ON K1V 7S1	2,500	0.0050709512%
Wood	George	615 Burns Street Ottawa, ON K1K 1B4	2,300	0.0046652751%
Yensen	Trevor	3744 Twin Falls Place Ottawa, ON K1V 1W7	15,000	0.0304257074%
Zeidan	Hassan	P.O. Box 33002 Ottawa, ON K2C 3Y9	1,000	0.0020283805%
			49,300,415	100.00%

SCHEDULE 4.2 – FORM OF DISTRIBUTION DIRECTION

Direction

**To: Computershare Trust Company of Canada
(the “Escrow Agent”)**

Re: Escrow agreement made as of September 17 (the “Agreement”) between Allen-Vanguard Corporation, the Offeree Shareholders (as defined therein), Med-Eng Systems Inc. and the Escrow Agent

Capitalized terms are as defined in the Agreement, unless otherwise noted.

The undersigned hereby irrevocably direct the Escrow Agent to pay \$ _____ to _____ in accordance with Section ____ of the Agreement, plus applicable interest (if any) of \$ _____, and this direction shall constitute good and sufficient authority for so doing.

Dated this _____ day of _____, _____.

Growthworks Canadian Fund Ltd., by its manager, GrowthWorks WV Management Ltd.

Richard L’Abbé

By: _____
Name:
Title:

1062455 Ontario Inc.

By: _____
Name:
Title:

Schroder Ventures Holdings Limited in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, on behalf Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of SVG Capital plc (formerly, Schroder Ventures International Investment Trust plc)

By: _____
Name:
Title:

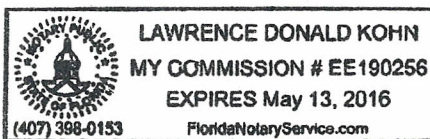
Schroder Venture Managers (Canada) Limited in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5, Schroder Canadian Buy-Out Fund II Limited Partnership CLP6

By: _____
Name:
Title:

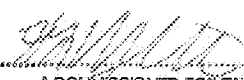
This is Exhibit "C" referred to in the
affidavit of **Paul Echenberg**
sworn before me, this 15th day
of December 2014.



A Commissioner for Taking Affidavits



This is Exhibit "A" referred to in 119
affidavit of C. IAN ROSS
sworn before me, on 31st
day of MARCH 2014


A COMMISSIONER FOR TAKING AFFIDAVITS

(iv) Evidence Relating to Litigation Costs

(a) What has been the Fund's legal fees "burn rate" to date in the Ottawa Proceedings?

The Offeree Shareholders are jointly represented by Cavanagh LLP in the Ottawa Proceedings. All fees and disbursements are split proportionately based on the number of shares of Med-Eng Systems Inc. that were owned by each of the Offeree Shareholders. To date, the Fund has paid approximately \$300,000 in legal fees in association with the Ottawa Proceedings. During this time period, there have been at least six motions, one appeal of a decision of Master MacLeod, at least 20 case conferences, over 25 days of discovery and over 15,000 documents produced by AVC have been reviewed.

(b) How much does the Fund expect it will have to spend on the proposed one-week "mini-trial"?

Given that the materials the Offeree Shareholders intend to rely on during the mini-trial are substantially complete and since fraud is not an issue at the mini-trial where it will be assumed, the only additional fees that would be incurred by the Fund for the proposed one-week mini-trial would be legal fees incurred during the "mini-trial" and legal fees incurred preparing for the mini-trial. I am informed by counsel to the Offeree Shareholders that it is anticipated that a five day "mini-trial" will require ten days of preparation time, as well as approximately 40-50 hours to prepare written submissions. These fees are estimated to total between \$100,000 and \$150,000. The Fund's proportionate share of those fees would be between \$15,000 and \$25,000.

(c) What litigation cost savings would result from proceeding with a "mini-trial" on the two Proposed Claims Issues in contrast to lifting the stay of proceedings and allowing the Ottawa Proceedings to continue in the fashion which they have to date?

If the Offeree Shareholders are successful in establishing that the claims of AVC were extinguished at law either during its amalgamation on January 1, 2011, or as a result of the release arising from its own CCAA proceeding in 2009, the mini-trial will dispense with the need to proceed with the Ottawa Proceedings. Such an outcome could result in savings to the Offeree Shareholders in excess of one million dollars.

The remaining steps remaining in the Ottawa Proceedings are both numerous and expensive:

- **Motions for Documentary Disclosure**

As set out in paragraphs 67 through 72 of the affidavit of Paul Echenberg, sworn November 24, 2013 (the "Echenberg Affidavit"), the Offeree Shareholders have not yet received a substantive response to their request for documentary production in relation to the amendments to the pleadings. If a motion to compel production is ultimately necessary, the Fund will incur considerable costs.

The Fund will also incur considerable legal costs in relation to a contemplated privilege motion. As set out in the Echenberg Affidavit at paragraphs 73 to 77, AVC continues to claim privilege over approximately 4,649 documents. It is anticipated that a motion to challenge those claims of privilege will be necessary and that these motions will cost approximately \$75,000. The Fund's proportionate share of those fees would be approximately \$12,000.

The outcome of these motions may also cause the Offeree Shareholders to incur considerable fees and disbursements. In his February 22, 2013 Case Conference Endorsement, Master MacLeod stated "it is clear from the discussion today that there remains considerable potential for documentary disputes. Given the impact this may have on judicial resources and the costs and time that may be involved in numerous motions, I do not rule out the possibility of appointing a neutral third party discovery monitor." Attached as Exhibit "Z" to the Echenberg Affidavit is the Case Conference Endorsement dated February 22, 2013. The costs of involving a third party discovery monitor may be as high as \$250,000 depending on the scope of a third party monitor's involvement. The Fund's proportionate share of those fees would be approximately \$40,000.

- **Review of Fresh Documentary Production**

It is difficult to predict the number of documents that will be disclosed as a result of the motions contemplated above. If the number of documents disclosed is ultimately in the range of 4,000 to 8,000 documents, the legal costs associated with the review and analysis of those documents will likely total in excess of \$50,000. The Fund's proportionate share of those fees would be approximately \$8,000-\$10,000.

- **Continued Examination for Discovery of David Luxton**

Based on the allegations outlined in AVC's amended statement of claim, the continued examination for discovery of Mr. Luxton is likely to last between ten and fifteen days. It is anticipated that the costs associated with these examinations for discovery as well the time required to prepare will cause the Offeree Shareholders to incur additional fees between \$150,000 and \$200,000. The Fund's proportionate share of those fees would be approximately \$25,000 to \$35,000.

- **Re-examination of David Luxton**

As set out in paragraph 82 of the Echenberg Affidavit, Mr. Lederman has informed counsel to the Offeree Shareholders that he intends to re-examine Mr. Luxton under Rule 34.11 of the *Rules of Civil Procedure*. It is unclear how much time Mr. Lederman will require for the re-examination, but if the re-examination occurred over the course of 2-5 days, the Offeree Shareholders would incur legal costs in the range of \$15,000 to \$37,500. The Fund's proportionate share of those fees would be approximately \$3,000 to \$6,000.

- **Complying with Undertakings and Undertaking and Refusals Motion**

As set out in paragraphs 80 through 81 of the Echenberg affidavit, it is expected that the Offeree Shareholders will have to expend further resources with respect to outstanding undertakings and refusals arising from examinations for discovery to date. There was originally an undertakings and refusals motion scheduled to occur on February 19, 2013, which was adjourned. It is anticipated that responding to the outstanding undertakings and refusals and preparing for a motion related thereto will cost approximately \$25,000. The Fund's proportionate share of those fees would be approximately \$3,750.

- **Expert Report(s)**

As detailed at paragraphs 61 through 62 of the Echenberg Affidavit, Allen-Vanguard served an expert's report on March 15, 2013, just weeks after it was granted leave to amend its statement of claim. The Low Report is over one hundred pages long and contemplates two damages scenarios which value Allen-Vanguard's damages well in excess of the Indemnification Escrow Amount. It is anticipated that the Fund's share of fees related to the preparation of a responding expert report will be approximately \$150,000 to \$250,000.

- **Mediation**

Paragraph 83 of the Echenberg Affidavit explains that mediation, which is mandatory prior to the trial of an action in Ottawa, has not yet occurred. Given the quantum of damages sought by Allen-Vanguard and lengthy and complex history of proceedings, it is anticipated that it will cost \$50,000 to 75,000 to prepare for and participate in a two-day mediation. It is anticipated that the Fund's share of fees related to preparation for and participation in mediation will be approximately \$7,500 to \$12,500.

- **Pre-Trial Conference**

It is anticipated that the Court in Ottawa will schedule a two-day judicial pre-trial conference, which is estimated to cost between \$30,000 and \$50,000. It is anticipated that the Fund's share of fees related to preparation for and participation in mediation will be approximately \$4,500 to 7,500.

- **Trial**

As is set out in the Echenberg Affidavit, the trial of this matter was set down for up to 10 weeks. It is estimated that the cost of preparing for and conducting an 8 to 10 week trial for \$650 million in damages will be in excess of \$1 million. It is anticipated that the Fund's share of fees related to the preparation for and conduct of trial will be \$150,000 to 250,000.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF GROWTHWORKS CANADIAN FUND LTD.

Court File No: CV-13-10279-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE - COMMERCIAL
LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF C. IAN ROSS
(Re: Stay Extension)
(sworn March 31, 2014)**

McCARTHY TÉTRAULT LLP
Barristers and Solicitors
Suite 5300, Box 48
Toronto Dominion Bank Tower
Toronto-Dominion Centre
Toronto, ON M5K 1E6

Kevin McEicheran
Tel: (416) 601-7730
Fax: (416) 868-0673
Law Society No. 22119H

Heather L. Meredith
Tel: (416) 601-8342
Fax: (416) 868-0673
Law Society No. 48354R

Lawyers for the Applicant
13309589

TAB 3

Court File No. CV-13-10279-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PROPOSED PLAN
OF COMPROMISE OR ARRANGEMENT WITH RESPECT TO
GROWTHWORKS CANADIAN FUND LTD.

AFFIDAVIT OF DONNA PARR,
SWORN DECEMBER 15, 2014

I, Donna Parr, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. Under a management agreement between Roseway Capital S.a.r.l. and GrowthWorks Canadian Fund Ltd. (the “**Fund**”), I have been retained to provide management services to the Fund in connection with its portfolio assets. The Fund is the Applicant in these proceedings. In my capacity as portfolio manager of the Fund, I was involved in the negotiations leading to the settlement of the actions bearing Court File Numbers 08-CV-43188 and 08-CV-43544 brought in relation to the acquisition of all issued and outstanding shares of Med-Eng Systems Inc. (the “**AVC Litigation**”). As such, I have personal knowledge of the facts to which I depose, except where I have indicated that I have obtained facts from other sources, in which case I believe those facts to be true.

2. I swear this Affidavit in support of the Fund’s Motion for approval of the settlement agreement disposing of the above actions, and of other consequent relief.

BACKGROUND

3. In October 2007, AVC purchased all of the issued and outstanding shares of Med-Eng pursuant to a share purchase agreement dated August 3, 2007 (the “**SPA**”) between AVC as purchaser and the three largest shareholders of Med-Eng (the “**Offeree Shareholders**”).

Together, the Offeree Shareholders held 78.7% of shares of Med-Eng. The Fund is one of the Offeree Shareholders. The remaining former shareholders of Med-Eng number approximately 200 and hold 21.3% collectively (the “**Minority Shareholders**”).

4. Under a shareholder agreement binding on all Med-Eng shareholders (the “**Shareholder Agreement**”), the Offeree Shareholders had the power to cause all of the shares of Med-Eng to be sold to the purchaser on the terms of the SPA. The total price was approximately \$650 million. I am advised by C. Ian Ross, the chairman of the Fund that the Fund was the holder of approximately 12.4% of the Med-Eng shares and has received in excess of \$72 million in proceeds from the sale. Attached hereto as Exhibit “A” is a copy of the Shareholder Agreement.

5. On the closing of the sale transaction in 2007, all but \$43 million was distributed to the former shareholders of Med-Eng. The balance of the purchase price was placed in escrow pursuant to an escrow agreement between the parties dated September 17, 2007 (the “**Escrow Agreement**”) in two escrow amounts, \$40 million for the Indemnification Escrow Amount and \$3 million for the Working Capital Escrow Amount. The Working Capital Escrow Amount was released but the Indemnification Escrow Amount (the “**Escrow Funds**”) has not been distributed because of the objections of AVC.

6. The Fund and other Offeree Shareholders commenced an action in 2008 seeking, among other things, a declaration that they are entitled to payment from the Escrow Funds. AVC defended this action.
7. In 2008, AVC also commenced an action claiming that it was owed \$40 million under the SPA, which should be satisfied by the Escrow Funds. In 2013, AVC amended its claim to seek damages in an amount equal to the full \$650 million purchase price, including the Escrow Funds, based on allegations of fraud by the former managers of Med-Eng. No allegations of fraud or misrepresentation were made against the Offeree Shareholders however, damages were claimed against them jointly and severally.
8. On October 1, 2013, for the reasons stated in the affidavit of C. Ian Ross sworn on September 30, 2013, the Fund obtained an order granting it protection under the CCAA on October 1, 2013 (as amended, the “**Initial Order**”). To allow it to continue its action despite the pendency of CCAA proceedings, on October 28, 2013, AVC brought a motion seeking to lift the stay. In response, the Fund brought a cross-motion seeking a mini-trial within the CCAA proceedings. The motion was heard February 11, 2014 and the Court denied the Fund its request for a mini-trial and allowed a partial lifting of the stay to allow the proceedings to continue in Ottawa. Copies of the reasons for decision of Justice Brown issued on March 24, 2014 and May 14, 2014 are attached to this affidavit as Exhibits “B” and “C” respectively.

SETTLEMENT OF THE AVC LITIGATION

9. After six years of litigation, the parties reached a settlement of the AVC Litigation. The Minutes of Settlement dated December 15, 2014 are appended hereto as Exhibit “D”.

10. Among other things, the settlement contemplates a distribution to AVC from the Escrow Funds in the amount of \$28 million. As part of the consideration for the settlement, all of the AVC Litigation will be dismissed and full releases will be exchanged.

11. Pursuant to the Minutes of Settlement, the remainder of the Escrow Funds will continue to be held in escrow for the benefit of the former shareholders of Med-Eng, to be distributed at a later date pursuant to an order of the Court in these CCAA proceedings.

SETTLEMENT IS FAIR AND REASONABLE

12. The Offeree Shareholders have cooperated in the prosecution of the litigation with AVC. They have retained common counsel and have shared the cost of the litigation on a pro rata basis among them. Additionally, they have delegated tasks among their separate counsel where possible to avoid duplication. No contribution to the cost of the litigation has been made by the Minority Shareholders. The total collective costs of the Offeree Shareholders to date are approximately \$4.3 million. This amount includes the costs incurred by pro rata contribution of the Offeree Shareholders to common retainers, costs incurred by each of the Offeree Shareholders in the CCAA proceedings seeking a “mini-trial” of the issues in the Actions, costs incurred in settlement negotiations of the AVC Litigation and the costs incurred in bringing this motion to approve the settlement. The Fund’s costs to date total approximately \$850,000.

13. As a result of the decisions of Justice Brown in these CCAA proceedings, an 11 week trial of the Actions is scheduled to begin in March 2015. As stated in the affidavit of Paul Echenberg filed herein, there are remaining pre-trial proceedings to be concluded. It is estimated by counsel that the anticipated remaining costs of pre-trial steps, experts, trial preparation and

trial will be approximately \$3 million. Of course, appeals from the trial decision would be likely contributing to the expense and delay of the ongoing litigation.

14. The Offeree Shareholders authorized Paul Echenberg to take the lead in settlement discussions with AVC. He reported his progress and his frustrations frequently as settlement negotiations progressed. From my observation and his reports, the settlement was reached after hard fought negotiation between the parties.

15. In coming to the decision to agree to the terms of the settlement of the AVC Litigation, the Fund has considered its options. It has considered the time and expense of continuing litigation, the risk of an adverse outcome either at trial or on appeal and the fact that the Fund cannot continue the litigation on its own. In this context, I am advised by the C. Ian Ross that the Fund, after consideration by its board of directors, has concluded that a settlement is the fairest and most reasonable option available to the Fund.

16. I am advised by Paul Bishop of FTI Consulting, Inc., the Monitor, that the Monitor is in agreement with the Fund's conclusions and supports the settlement. The Monitor will be filing a report setting out its recommendation on the settlement.

17. Notice of this motion for approval of the settlement will be served on the Service List, including on Roseway. Because of the number of Minority Shareholders involved in the AVC Litigation, the Fund intends to deliver a notice of this motion in the form appended as Exhibit "E" to each of the individual Minority Shareholders via courier.

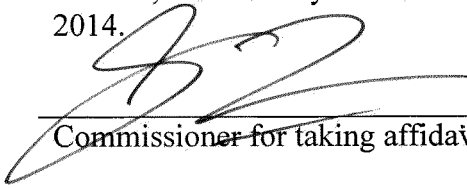
18. I do not believe that the Minority Shareholders will be prejudiced by the granting of the order requested in this motion. After payment of the settlement funds payable to AVC under the

Settlement Agreement, the remaining Escrow Funds will exceed the maximum entitlement of the Minority Shareholders (21.3% of the current Escrow Funds, including interest, is approximately \$9.3 million). The proposed order approving the settlement preserves any claims that the Minority Shareholders might assert against the Escrow Funds and provides them an opportunity to assert any claims that they might have against the remaining Escrow Funds to the maximum amount of their initial claim to the Escrow Funds claims.

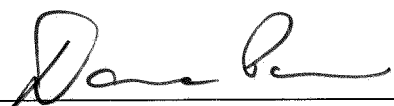
19. On the subsequent motion of the Offeree Shareholders, including the Fund, for an order distributing the remaining Escrow Funds, it will be the position of the Offeree Shareholders, including the Fund, that the costs they have incurred in pursuing the release of the Escrow Funds in the AVC Litigation, in these proceedings and their efforts to settle the AVC Litigation should be refunded from the Escrow Funds in full and that the remaining balance of the Escrow Funds should be distributed pro rata among all former Med-Eng shareholders. If Minority Shareholders disagree with the distribution to be proposed by the Offeree Shareholders, they will have an opportunity to object and make arguments for a different distribution in these proceedings.

20. I swear this affidavit in support of a motion to approve a settlement of the claims arising from the AVC Litigation, and for no other or improper purpose.

SWORN BEFORE ME at the City)
of Toronto, in the Province of)
Ontario, this 15th day of December,)
2014.)



Commissioner for taking affidavits)



DONNA PARR

TAB A

This is Exhibit A referred to in the
affidavit of Donna Parr
sworn before me, this 15th
day of December 2014

SHAREHOLDERS' AGREEMENT made as of the 19th day of April, 2000.

BETWEEN:

MED-ENG SYSTEMS INC., a corporation amalgamated
under the laws of Ontario

(hereinafter referred to as the "**Corporation**")

OF THE FIRST PART

AND:

SCHRODER VENTURE MANAGERS (CANADA) LIMITED in its capacity as general partner of each of Schroder Canadian Buy-Out Fund II Limited Partnership CLP1, Schroder Canadian Buy-Out Fund II Limited Partnership CLP2, Schroder Canadian Buy-Out Fund II Limited Partnership CLP3, Schroder Canadian Buy-Out Fund II Limited Partnership CLP4, Schroder Canadian Buy-Out Fund II Limited Partnership CLP5 and Schroder Canadian Buy-Out Fund II Limited Partnership CLP6, limited partnerships formed under the laws of Quebec

(hereinafter referred to as "**Schroder Canada**")

AND:

SCHRODER VENTURES HOLDINGS LIMITED in its capacity as general partner of Schroder Canadian Buy-Out Fund II UKLP, a limited partnership formed under the laws of England and duly authorized and on behalf of the persons investing in the Schroder Canadian Buy-Out Fund II Coinvestment Scheme and on behalf of Schroder Ventures International Investment Trust plc, pursuant to a power of attorney duly executed on April 6, 2000, (hereinafter referred to as "**Schroder Investment Trust**")

(hereinafter referred to as "**Schroder UK**" and, collectively with Schroder Canada, as "**Schroder**").

AND:

RICHARD L'ABBÉ, Businessperson, of the City of Gloucester, Province of Ontario

(hereinafter referred to as "**Richard**")

AND:

1062455 ONTARIO INC., a corporation governed by the laws of Ontario

(hereinafter referred to as "**1062455**")

AND: **VINCENT CRUPI**, Businessperson, of the City of Ottawa,
Province of Ontario

(hereinafter referred to as "**Vincent**")

AND: **DANIELLE CRUPI**, Businessperson, of the City of
Ottawa, Province of Ontario

(hereinafter referred to as "**Danielle**")

AND: **RICHARD L'ABBÉ**, as voting trustee under a voting
trust agreement dated the date hereof attached in
Schedule A hereof (hereinafter the "**Trustee**")

(hereinafter referred to individually as a "**Shareholder**"
and collectively referred to as "**Shareholders**")

OF THE SECOND PART

AND: **CAPITAL ALLIANCE VENTURES INC.**, a corporation
incorporated under the laws of Canada and having its head
office in the Regional Municipality of Ottawa-Carleton,
Province of Ontario

(hereinafter referred to as "**CAV**")

OF THE THIRD PART

WHEREAS:

- (A) The authorized capital of the Corporation consists of an unlimited number of Class A Common Shares and Class B Common Shares;
- (B) Schroder Canada and Schroder UK are the holders of convertible debentures of the Corporation in the principal amount of \$2,300,330 (the "**Schroder Convertible Debentures**") and subordinated debentures of the Corporation in the principal amount of \$1,949,670 (the "**Schroder Subordinated Debentures**");
- (C) CAV is the holder of a convertible debenture issued by the Corporation in the principal amount of Two Million Dollars (\$2,000,000) (the "**CAV Convertible Debenture**");
- (D) The parties wish to record in this Agreement their commitment to the manner in which the affairs of the Corporation shall be conducted and to fix and determine between themselves their respective interests, obligations and liabilities and to provide for their obligations with respect of the Corporation;

- (E) Certain Shareholders of the Corporation are a party to a voting trust agreement attached hereto in Schedule "A" (the "**Voting Trust Agreement**") and have designated the Trustee to act on their behalf for the purposes of this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained in this Agreement, the parties covenant and agree as follows:

1. **MISCELLANEOUS TERMS**

1.1 **Headings.** The division of this Agreement into articles, this being Article 1, and Sections and the insertions of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.2 **Currency.** Unless otherwise specified, all references herein to currency shall be references to currency of Canada.

1.3 **Appendices.** The appendices to this Agreement shall consist of the following agreed documents and shall form an integral part of this Agreement:

Schedule "A"	-	Voting Trust Agreement
Schedule "B"	-	Share Ownership
Schedule "C"	-	Investment Agreement and
		Power of Attorney by Schroder Investment Trust
Schedule "D"	-	Power of Attorney by Danielle

1.4 **Definitions.** The following terms and expressions shall have, for all purposes of this Agreement, the meaning set forth below:

- (a) "**Agreement**" means this agreement, as amended from time to time;
- (b) "**Board**" means the board of directors of the Corporation;
- (c) "**Business**" means the development, manufacturing and sale of crowd control equipment and of a family of products designed for the protection of individuals involved in, among other things, the detection, removal and disposal of explosive devices;
- (d) "**Business Day**" means a day, other than a Saturday or Sunday, on which the principal commercial banks located at Toronto and Montreal are open for business during normal banking hours;
- (e) "**Fair Market Value**" in respect of a Share at any particular time shall mean (a) if within the previous twelve (12) months, the Corporation has granted options pursuant to any stock option plan or issued shares pursuant to any share purchase plan of the Corporation or issued Shares to an investor who is not an employee or director and not related, as that term is defined under the *Income Tax Act* (Canada), to any Shareholder,

otherwise than pursuant to an initial public offering, the value for which an option was granted or a Share was issued, and provided that the Board is satisfied that such exercise price or issue price represents the Fair Market Value at the time of grant or issue; or (b) if no value is established under paragraph (a) above, the value determined by a chartered business valuator who is a member of an accounting firm independent from the Corporation's accountants and auditors. If the parties cannot agree on the choice of chartered business valuator, such choice shall be referred to arbitration pursuant to Section 10.1;

- (f) "**fully-diluted basis**" means, with respect to the outstanding Shares, at any time, such number of outstanding Shares calculated assuming that all outstanding options or conversion rights are exercised by holders of options or any instrument convertible into Shares, including the CAV Convertible Debenture and the Schroder Convertible Debentures.
- (g) "**Shareholders**" means each of Schroder Canada, Schroder UK, Richard, 1062455 Vincent, Danielle, the Trustee and, upon conversion of the CAV Convertible Debenture, CAV and any other subsequent shareholder holding shares in the Corporation; and
- (h) "**Shares**" means all shares of all classes in the capital of the Corporation.

1.5 Extended Meanings. Words importing the singular number include the plural and vice versa and words importing gender include all genders.

2. VOTING TRUSTEES

2.1 In accordance with the Investment Agreement and Power of Attorney attached as Schedule "C" hereof, Schroder Investment Trust hereby appoints Schroder UK as trustee to exercise the rights including the voting rights attached to all Shares registered in the name of Schroder UK on behalf of Schroder Investment Trust as set out in Schedule "B" hereof pursuant to and in accordance with the terms of this Agreement.

2.2 In accordance with the Power of Attorney attached as Schedule "D" hereof, Danielle hereby irrevocably appoints Vincent as Trustee to exercise the rights including the voting rights attached to all Shares registered in her name as set out in Schedule "B" hereof pursuant to and in accordance with the terms of this Agreement.

2.3 The persons investing in the Schroder Canadian Buy-Out Fund II Coinvestment Scheme have appointed Schroder UK to exercise the rights including the voting rights attached to all Shares registered in the name of Schroder UK on behalf of the persons investing in the Schroder Canadian Buy-Out Fund II Coinvestment Scheme as set out in Schedule "B" hereof pursuant to and in accordance with the terms of this Agreement.

3. TERM

3.1 Term. This Agreement shall come into force and effect as of the date set out above and shall continue in force until the earlier of:

- (a) the date on which the Corporation is dissolved in accordance with the applicable provisions of the *Business Corporations Act* (Ontario);
- (b) the date on which only one person holds Shares in the Corporation;
- (c) the date on which all of the Shareholders by unanimous resolution agree to terminate this Agreement; or
- (d) the day the Corporation's Shares become listed on a public stock exchange in Canada or elsewhere.

4. SHARE OWNERSHIP

4.1 Share Ownership. Schedule "B" attached hereto sets out the name of each registered holder and of each beneficial owner of the number of fully paid Shares of the Corporation on a basic and on a fully-diluted basis after giving effect to the conversion of the Schroder Convertible Debentures and the CAV Convertible Debenture but excluding Shares issuable upon exercise of the Stock Option Plan. If there are any changes to the shareholdings of the Corporation, such changes shall be made to Schedule "B" from time to time by the Shareholders.

4.2 Issuance of Shares. Except as the Shareholders shall otherwise agree or as may be contemplated under the Employee Share Purchase Plan established on December 20, 1999, as amended and restated on April 12, 2000 (the "**Stock Purchase Plan**") and the Employee and Director Stock Option Plan established on December 11, 1997, as amended and restated on April 12, 2000 (the "**Stock Option Plan**"), and except for the issuance of Shares to Schroder Canada and Schroder UK upon conversion of the Schroder Convertible Debentures and to CAV upon conversion of the CAV Convertible Debenture, no Shares of any class of the Corporation shall be issued unless approved by a majority of the board of directors present at a meeting at which there is a quorum.

4.3 Party to Shareholders' Agreement. The Corporation agrees that, prior to issuing any Shares, including without limitation under the Stock Purchase Plan or the Stock Option Plan, to cause any purchaser of such Shares to become a party to this Shareholders' Agreement either directly by executing a Counterpart pursuant to Section 11.2 hereof or by becoming a party to the Voting Trust Agreement attached hereto in Schedule "A".

4.4 Pre-emptive Right. Subject to Section 4.5, in the event that the Corporation wishes at any time hereafter to issue any of its Shares (except under the Stock Purchase Plan), grant options (except options to employees and directors under the Stock Option Plan), rights to acquire shares or instruments convertible into any Shares of the Corporation (the "**Securities**"), then the Corporation shall offer the Securities (for the purpose of this Section 4.4 the "**Offered Securities**") for purchase by the Shareholders and CAV except the Trustee (for the purpose of this Section 4.4 the "**Optionees**") by notice (the "**Notice**") given to each Optionee. The Notice shall set forth a description of the Offered Securities, the purchase price for each Offered Security and the purchase date, which shall be a date not earlier than thirty (30) days after the date of the Notice. Upon receipt of the Notice, each Optionee shall have the right to subscribe for and purchase a number of the Offered Securities determined by

multiplying (the "**Formula**") the total number of such Offered Securities by a fraction, the numerator of which shall be the number of Shares owned by the Optionee as of the date of the Notice (on a fully-diluted basis) and the denominator of which shall be the total number of Shares outstanding as of the date of the Notice (on a fully-diluted basis).

This right may be exercised by an Optionee by giving notice of acceptance to the Corporation within fifteen (15) days after receipt of the Notice. If an Optionee exercises this right, he/she/it shall subscribe for, purchase and pay for such number of Offered Securities on the purchase date set forth in the Notice. In the event that an Optionee does not purchase his/her/its pro rata share of the Offered Securities, the Corporation shall offer such unclaimed Offered Securities to the Optionees who did purchase their pro rata share of the Offered Securities, if any, by further notice given forthwith after the expiry of the fifteen (15) day period. Such Optionees shall then have a further seven (7) day period within which to deliver a further notice of acceptance to the Corporation with respect to the unclaimed Offered Securities and if more than one Optionee accepts the Corporation's offer to sell the unclaimed Offered Securities then such Optionees shall purchase such Securities pro rata to their respective holdings of Securities calculated in accordance with the Formula.

Any Offered Securities which have not been subscribed for within the further seven (7) day period may be issued by the Corporation within a period of sixty (60) days from the date of the Notice to any person or persons at a price not less than and on terms and conditions not more favourable than the price and terms and conditions set forth in the Notice.

4.5 Exceptions to Pre-emptive Right. The pre-emptive right provided in Section 4.4 of this Agreement shall not apply to the issuance of Shares to Schroder Canada or Schroder UK pursuant to the conversion of the Schroder Convertible Debentures, to the issuance of Shares to CAV pursuant to the conversion of the CAV Convertible Debenture, to the issuance of Shares pursuant to the Stock Purchase Plan or pursuant to the exercise of options granted under the Stock Option Plan or to any issuance of Shares by the Corporation pursuant to the acquisition of all of the issued and outstanding shares of another corporation or of all, or substantially all, of the assets of a business of another corporation, partnership or other entity.

5. **TRANSFER AND DISPOSITION OF SHARES**

5.1 Restrictions on Transfer. Unless otherwise expressly provided in this Agreement, a Shareholder shall not, and shall not make any agreement to, directly or indirectly, sell, assign, transfer, give, devise, bequeath, mortgage, pledge or otherwise dispose of, alienate or in any way encumber or create a security interest in, or grant any option on (collectively a "**Transfer**"), any of the Shares which he/she/it owns or may own for any reason or purpose whatsoever.

5.2 Veto Right of Schroder. Notwithstanding the rights set forth in Sections 5.5 and 5.6, for the first two years of this Agreement, Schroder Canada and Schroder UK shall have the right to veto any Transfer or series of Transfers of Shares by Richard and/or 1062455 representing 10% or more of the Shares on a cumulative basis and on a fully diluted basis which prevents Schroder Canada or Schroder UK to realize a 30% net compounded annual rate of return on their investment in the Company which includes the subscription price paid for their respective Shares (including any Shares purchased pursuant to the rights provided for in this Agreement) together with the subscription price paid for their respective Schroder Convertible Debentures and Schroder Subordinate Debentures.

5.3 Legal Personal Representative of a Deceased Shareholder. Nothing contained in this Article 5 shall prevent the legal personal representative or representatives trustees or executors of a deceased Shareholder from becoming registered as a shareholder or shareholders in respect of any Shares of the Corporation held by such deceased Shareholder at the time of his death or the transfer of any such Shares standing in the name of the trustee of the estate of a deceased Shareholder upon any change of trustees to the trustees for the time being of such estate, it being specifically provided however, that any such transfer shall be subject to Section 11.2.

5.4 Permitted Transfers.

(a) In this Agreement:

- (i) "**Permitted Transferee**" means those persons to whom a transfer of Shares may be made pursuant to paragraph 5.4(b);
- (ii) "**Shareholder**" includes a Shareholder's Permitted Transferee;
- (iii) "**Principal**" means the person who controls the body corporate; and
- (iv) "**Control**" in this Article 5 has the meaning given to it in subsection 1(5) of the *Business Corporations Act* (Ontario).

(b) Notwithstanding Sections 5.1 and 5.5, but subject to paragraph 5.4(c):

- (i) a Shareholder who is an individual may transfer Shares to a corporation which is at all times controlled by the transferring Shareholder or to a trust of which such Shareholder is a trustee;
- (ii) a Shareholder which is a corporation may transfer Shares to its Principal, determined on the date hereof for existing corporate Shareholders, or a corporation which such Principal controls at all times;
- (iii) Vincent, and no other Shareholder, may transfer Shares to Danielle and Danielle, and no other Shareholder may transfer Shares to Vincent, without complying with Section 5.5;
- (iv) Schroder Canada and Schroder UK may transfer Shares, Schroder Convertible Debentures or Schroder Subordinated Debentures held by them to the beneficial owners of such Shares, Schroder Convertible Debentures or Schroder Subordinated Debentures, as set out in Schedule "B" hereto;
- (v) Schroder Canada and Schroder UK, in the event either has been replaced as the general partner, manager or attorney of the beneficial owners on whose behalf it is holding Shares, Schroder Convertible Debentures or Schroder Subordinated Debentures may, provided it gives notice to all Shareholders and CAV, transfer all but not less than all of the Shares, Schroder Convertible Debentures and Schroder Subordinated Debentures held by it to the successor general partner or manager and attorney, as the case may be;
- (vi) Richard may transfer from time to time up to 691,101 Shares to employees of the Corporation and up to 543,500 Shares to the Ottawa Heart Institute provided

however that any such transferee become a party to the Voting Trust Agreement attached as Schedule "A" hereto;

- (vii) employees of the Corporation other than the named parties hereto who are a party to the Voting Trust Agreement may transfer their Shares to other employees of the Corporation who are parties to the Voting Trust Agreement. ✓
- (c) In the event of a Transfer of Shares by a Shareholder to a corporation controlled by, the Shareholder's Principal:
 - (i) the Permitted Transferee shall enter into a counterpart of this Agreement as provided in Section 11.2 hereof or shall become a party to the Voting Trust Agreement; and
 - (ii) the transferring Shareholder shall remain liable and responsible for the performance of all of its obligations contained in this Agreement.

5.5 Right of First Refusal. Except for Transfers made pursuant to Sections 5.4(b) and 5.9 or Article 8, in the event that Schroder Canada or Schroder UK or CAV or any Shareholder (collectively herein the "**Offeror**") desires to sell all or part of the Schroder Subordinated Debentures, Schroder Convertible Debentures, the CAV Convertible Debenture or all or part of the Shares beneficially owned by the Offeror (for the purpose of this Section 5.5 the "**Offered Securities**") then the Offeror shall first give notice (the "**Offer**") to the other Shareholders and CAV except the Trustee (the "**Offerees**") offering the Offered Securities for sale. There shall be included in the Offer the price per Share represented by the Offered Securities comprising the Offered Securities, the manner of payment and the time and place of closing.

- (a) the Offer shall constitute an offer, irrevocable within the time hereinafter specified for acceptance, by the Offeror to sell all of the Offered Securities to the Offerees at the price per Share or per Debenture represented by the Offered Securities of each class specified in the Offer and otherwise on the terms and conditions set forth in the Offer, provided that the proposed date of sale (the "**Sale Date**") shall not be less than sixty (60) days nor more than one hundred twenty (120) days after the date on which the Offer is deemed to be received by the Offerees;
- (b) within thirty (30) days after receipt of the Offer, each Offeree may give to the Offeror a notice of acceptance which shall set forth the number of Offered Securities such Offeree is willing to purchase from the Offeror;
- (c) if the Offerees collectively are prepared to purchase all of the Offered Securities, then the Offerees shall be entitled to purchase the Offered Securities *pro rata* to their respective holdings of Securities calculated in accordance with the Formula. If an Offeree accepting the Offer does not claim his respective pro rata share, the unclaimed Offered Securities shall be used for satisfying claims for Offered Securities, if any, of an Offeree which are in excess of his respective pro rata share, but no Offeree shall be bound to purchase any Offered Securities in excess of the number which he agreed to purchase in his/her/its notice of acceptance.

- (d) if no Offeree accepts the Offer or if the Offerees accepting the Offer are not prepared to purchase all of the Offered Securities, then the Offeror may sell the Offered Securities which are not otherwise purchased by the Offerees under paragraph (c) above within a sixty (60) day period after the Sale Date at a price per Share or per Debenture represented by the Securities of each class which is not less than and on terms and conditions not more favourable than the price and the terms and conditions set forth in the Offer. In the event that the Offeror does not sell all of the Offered Securities represented by the Securities to such person within that sixty (60) day period, then the provisions of this Section shall once again apply and so on from time to time;
- (e) no right created under Section 5.5 shall be exercised unless the approval in connection therewith under the *Investment Canada Act*, or any similar legislation, if such approval is required, has been obtained;
- (f) the transfer of the Schroder Subordinated Debentures, Schroder Convertible Debentures, CAV Convertible Debenture or Shares shall be subject to the condition that the purchaser thereof shall be disclosed, and if not a party hereto, shall agree to be bound by the terms hereof and become a party hereto in accordance with the provisions of Article 11;
- (g) if the Schroder Subordinated Debentures, Schroder Convertible Debentures, CAV Convertible Debenture or Shares are being offered under this Section 5.5, the offer may be made in respect of part or all of the Schroder Convertible Debentures, CAV Convertible Debenture or Shares owned by the Offeror.

5.6 Coattail (tag along) Rights. The following rights and obligations apply to transactions to which Section 5.5 applies where, after compliance with the provisions of Section 5.5, any Shareholder (or group of Shareholders) (the "**Seller**") desires and is entitled to sell all or part of its Shares (the "**Applicable Percentage**") to a purchaser or group of purchasers not including any current Shareholders or CAV or persons or entities directly or indirectly related, as that term is defined in the *Income Tax Act* (Canada), to any current Shareholders or CAV, (the "**Buyer**") so that, as a result of such transactions and all previous or contemporaneous transactions, if any, with any person or persons, the Buyer would hold in the aggregate at least fifty percent (50%) plus one of the votes attached to any type, class or series of issued and outstanding Shares on a fully-diluted basis. Such sales shall be permitted only if the Buyer then makes an offer (the "**Tag Along Offer**") in writing irrevocable for thirty (30) days to all Shareholders and CAV other than the Seller (the "**Other Shareholders**") holding Shares of that type, class or series to purchase all of the Shares (including Shares issuable upon conversion of the Schroder Convertible Debentures and the CAV Convertible Debenture, as the case may be) of such Other Shareholders owned by them. The sale shall be on the same terms and conditions applicable to the sale of Shares by the Seller to the Buyer. Such Tag Along Offer may be accepted and completed without further compliance by the Other Shareholders with the provisions of Section 5.5. The Seller shall be deemed to warrant to the Other Shareholders receiving the Tag Along Offer, and the Buyer shall be required to make in writing in its Tag Along Offer, a representation and warranty that no direct or indirect collateral benefit or supplementary consideration (whether or not in the nature of a tangible or intangible asset, money, property, security or other benefits or opportunities) has been or is to be paid or received by the Buyer, or any other person not at arm's length with it, in connection with such Tag Along Offer and that such Tag Along Offer is not made as part of or in connection with any

other transaction. Each Other Shareholder may obtain from the Seller and such Buyer and review all documents relevant to this issue of supplementary consideration. In addition, if Richard and/or 1062455 decide to sell, in one transaction or a series of transactions to the Buyer or to parties in concert with the Buyer, 10% or more of the Shares (on a cumulative basis) on a fully-diluted basis, such sale or transfer or series of sales or transfers shall only be permitted if the Buyer then makes an offer in writing irrevocable for thirty (30) days to Schroder Canada, Schroder UK and CAV to purchase the Applicable Percentage of the Shares (including Shares issuable upon conversion of the Schroder Convertible Debentures and the CAV Convertible Debenture) of Schroder Canada, Schroder UK and CAV owned by them, and if the Buyer complies with all other terms of this Section 5.6 .

5.7 Drag Along in favour of all Shareholders. Notwithstanding Section 5.5 hereof, if at any time, Shareholders and CAV representing at least seventy percent (70%) of the Shares on a fully diluted basis (the "**Offeree**") receive a *bona fide* offer (the "**Offer**") from a third party (the "**Purchaser**") to purchase one hundred percent (100%) of the outstanding Shares in the capital of the Corporation (including the Shares issuable upon exercise of stock options pursuant to the Stock Option Plan, Shares issuable pursuant to the Stock Purchase Plan and upon conversion of the Schroder Convertible Debentures and the CAV Convertible Debenture), and that the Offer is acceptable to the Offeree, then the Offeree shall have the right, at its sole option, to require that all the Shares (including the Shares issuable upon the exercise of stock options pursuant to the Stock Option Plan, Shares issuable pursuant to the Stock Purchase Plan or upon conversion of the Schroder Convertible Debentures and the CAV Convertible Debenture) held by the other Shareholders (the "**Minority Shareholders**") be included in any sale to the Purchaser together with the Shares of the Offeree on the same terms and conditions as those on which the Shares of the Offeree are sold to the Purchaser by the Offeree. The Offeree shall then send a written notice, together with a copy of any Offer acceptable to the Offeree, to each of the Minority Shareholders within 30 days of the Offeree's receipt of the Offer indicating its intention to accept the Offer and requiring the Minority Shareholders to sell their Shares to the Purchaser. On a date chosen by the Purchaser, being within 20 days after the Offeree sends the copy of the Offer, and upon the payment by the Purchaser to the Minority Shareholders of the purchase price, the Minority Shareholders shall deliver all of their Shares to the Purchaser. The sale of the Shares to the third party Purchaser by the Offeree pursuant to the exercise of this drag along right is not subject to the right of first refusal provisions of Article 5.5.

5.8 Drag Along in favour of Schroder. Notwithstanding Section 5.5 hereof, if at any time on or after four (4) years from the date hereof, Schroder Canada or Schroder UK (the "**Offeree**") receives a *bona fide* offer (the "**Offer**") from a third party (the "**Purchaser**") to purchase all (but not less than all) the Shares held by the Offeree (including Shares issuable upon the conversion of the Schroder Convertible Debentures), and that the Offer is acceptable to the Offeree, then the Offeree shall have the right, at its sole option, to require that all the Shares (including Shares issuable upon the exercise of stock options pursuant to the Stock Option Plan, Shares issuable pursuant to the Stock Purchase Plan and upon conversion of the CAV Convertible Debenture) held by the other Shareholders (the "**Minority Shareholders**") be included in any sale to the Purchaser together with the Shares of the Offeree on the same terms and conditions as those on which the Shares of the Offeree are sold to the Purchaser by the Offeree, provided however that this right shall be available to Schroder Canada and Schroder UK only if they have collectively an equity interest in the Corporation superior to 40% on a fully diluted basis at the time of the Offer. The Offeree shall then send a written notice, together with a copy of any Offer acceptable to the Offeree, to each of the Minority Shareholders within 30 days of the Offeree's receipt of the Offer indicating its intention to accept the Offer and requiring the Minority Shareholders to sell their Shares to the Purchaser.

On a date chosen by the Purchaser, being within 20 days after the Offeree sends the copy of the Offer, and upon the payment by the Purchaser to the Minority Shareholders of the purchase price, the Minority Shareholders shall deliver all of their Shares to the Purchaser. The sale of the Shares to the third party Purchaser by the Offeree pursuant to the exercise of this drag along right is not subject to the right of first refusal provisions of Article 5.5.

5.9 Bankruptcy.

- (a) In the event of the bankruptcy of any of the Shareholders or of the transfer, voluntary or involuntary, by any of the Shareholders of the Shares owned by them in the share capital of the Corporation to any creditor in total or partial satisfaction of any debt, obligation, judgement or other liability, (any trustee or receiver of such party or its or his agents, or any such creditor, being herein called an "**Involuntary Transferee**" and the bankrupt party or the party whose Shares in the share capital of the Corporation pass to the Involuntary Transferee, being herein called the "**Debtor Party**"), the Corporation shall have the right to purchase the Shares of the Debtor Party by giving written notice to purchase the same within ninety (90) days after such bankruptcy shall have been adjudicated or such transfer shall have occurred;
- (b) if the Corporation shall elect to purchase the Shares of the Debtor Party (in order to give recognition of a minority discount), the purchase price shall be an amount equal to seventy-five percent (75%) of the Fair Market Value of the said Shares at the date of bankruptcy of the Debtor Party or transfer;
- (c) the purchase price for the said shares of the Debtor Party shall be paid in four (4) equal annual instalments without interest. The Corporation shall pay the price by delivering to the Involuntary Transferee promissory notes ("**Notes**") having a face amount equal to the purchase price;
- (d) the capital amount of the Notes shall be payable in equal annual instalments over a period of four (4) years, commencing one year following the date of transfer to the Involuntary Transferee. If an annual instalment is not paid on the due date, the entire unpaid balance of the Notes shall become due and payable immediately. The Notes may be prepaid in whole or in part at any time; and
- (e) upon receipt of such Notes, the Involuntary Transferee shall execute and deliver to the Corporation such instruments as are necessary to transfer complete title of the Debtor Party's Shares to which the Corporation is entitled; provided, however, that the Corporation shall immediately pledge to the Involuntary Transferee as collateral security for the payment of any unpaid instalment of the Notes, the number of shares as shall equal in value, as determined by this Agreement, the amount of the unpaid instalments.

6. **SCHRODER EXIT RIGHTS – PUT OPTION**

6.1 Upon the terms and subject to the conditions set forth in this Article 6, the Corporation hereby grants to Schroder Canada and Schroder UK an option (the "**Put Option**") to require the Corporation to purchase from Schroder Canada or Schroder UK all but not less than all of the Shares of the Corporation held, directly and indirectly, by Schroder Canada and

Schroder UK (including Shares issuable upon conversion of the Schroder Convertible Debentures (the "**Put Shares**"), on the Effective Date (as defined herein below).

6.2 The Put Option shall become effective at any time on or after four (4) years from the date hereof (the "**Effective Date**").

6.3 Schroder Canada and Schroder UK may exercise the Put Option only if their equity interest in the Corporation is less than 40% collectively on a fully diluted basis and by delivering to the Corporation, at any time after the Effective Date, a written notice of such exercise (the "**Put Notice**").

6.4 The date on which the Put Option will be completed (the "**Put Completion Date**"), shall be the date agreed upon by Schroder Canada and Schroder UK and the Corporation, or failing such agreement, sixty (60) days after the date Schroder Canada and Schroder UK sent or is deemed to have sent the Put Notice to the Corporation.

6.5 The aggregate purchase price for the Put Shares (the "**Put Purchase Price**") to be re-purchased by the Corporation, upon exercise of the Put Option shall be the dollar amount per share equal to the Fair Market Value per share of the Put Shares on the date upon which Schroder Canada and Schroder UK shall deliver the Put Notice, provided that if Schroder Canada and Schroder UK sell all of their Shares, the Corporation shall pay to such seller the amount in principal and interest then due according to the terms of the Schroder Convertible Debentures, if applicable, and the Schroder Subordinated Debentures.

6.6 Should the Corporation be incapable of re-purchasing the Put Shares, in whole or in part, by virtue of its failure to comply with the solvency tests set forth in the *Business Corporations Act* (Ontario) regarding the repurchase by a corporation of its own shares, Schroder Canada and Schroder UK may then, at their discretion, (i) suspend the exercise of their Put Option until such time as the Corporation complies with the said solvency tests, and the Corporation shall provide notice to Schroder Canada and Schroder UK as soon as such compliance is achieved; or (ii) cause the sale of all of the outstanding Shares (including Shares issuable upon exercise of options pursuant to the Stock Option Plan and the Stock Purchase Plan and Shares issuable upon conversion of the Schroder Convertible Debentures and conversion of the CAV Convertible Debenture) in the capital of the Corporation to a third party.

6.7 Until the Closing of the sale and purchase of the Put Shares (the "**Closing**") and until full payment of the Put Purchase Price is made, Schroder Canada and Schroder UK shall maintain all rights and privileges in the Put Shares as provided for under the Corporation's articles of incorporation and this Agreement.

6.8 The Put Purchase Price shall be payable in cash at the Closing.

6.9 Notwithstanding Section 6.4, the Corporation shall have the right to make full payment of the Put Purchase Price to Schroder Canada and Schroder UK at any time prior to the Put Completion Date.

6.10 The Closing shall take place on the Put Completion Date or such earlier date established by the Corporation pursuant to Section 6.9.

6.11 At the Closing, Schroder Canada and Schroder UK shall deliver to the Corporation certificates representing the Put Shares, duly endorsed for transfer to the Corporation or its