SETTLEMENT AGREEMENT

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This Settlement Agreement (the “Agreement”) is effective [DATE],

**BETWEEN: [FIRST PARTY NAME]** (the "Creditor"), a company organised and existing under the laws of the [Country] of [COUNTRY], with its head office located at:

[YOUR COMPLETE ADDRESS]

**AND: [SECOND PARTY NAME]** (the "Company"), a company organised and existing under the laws of the [Country] of [COUNTRY], with its head office located at:

[COMPLETE ADDRESS]

**[THIRD PARTY NAME]** (the "Debtor"), an individual with his main address located at:

[COMPLETE ADDRESS]

WHEREAS by Statement of Claim filed on [DATE] in the Federal Court of [COUNTRY] (Trial Division) under court file number [NUMBER], as amended by an Amended Statement of Claim filed therein on [EFFECTIVE DATE], [COMPANY NAME]. (the “Creditor”) instituted proceedings as plaintiff against the Company and Debtor as defendants *in re*covery of the sum of [AMOUNT] (the “Action”);

WHEREAS in the Action, the Creditor has claimed the amount of [AMOUNT] from Debtor pursuant to a certain guarantee executed by him in favour of the Creditor;

WHEREAS [COMPANY NAME] and the Creditor amalgamated effective [DATE], such that [COMPANY NAME] became a division of the Creditor;

WHEREAS the parties have agreed to settle the Action upon the terms and conditions hereinafter set forth:

NOW WHEREFORE, the parties hereto agree as follows:

1. The Action is settled upon the terms hereinafter set forth. The parties shall execute a Declaration of Settlement Out Of Court *in re*spect of the Action, which Declaration shall be remitted to the Bank, and which the Bank shall file in the court record on the latest of the trial date fixed for the Action, being [EFFECTIVE DATE], receipt of the initial payment provided for in Section 2 hereof and the date of registration of the Security contemplated in Section 2 hereof.
2. Debtor hereby undertakes to pay to the Creditor the sum of [AMOUNT] in lawful currency of [COUNTRY] (the “Settlement Amount”), payable as set out below.
   1. Debtor shall pay to the Bank at its offices noted above the principal sum of [AMOUNT] in lawful currency of [COUNTRY] (the “Principal Amount”), by way of [NUMBER] equal consecutive monthly instalments in the amount of [AMOUNT] each, payable on the [DATE] day of each month, commencing on [EFFECTIVE DATE] until full payment on [DATE] (the “Payments”).
   2. Concurrently with the execution hereof, Debtor shall deliver to the Creditor [NUMBER] check in the amount of [AMOUNT] each dated the [DATE] day of each month in payment of the Payments for [EFFECTIVE DATE] to [EFFECTIVE DATE] inclusively. Thereafter, Debtor shall deliver to the Creditor by or before [DATE] of each year, commencing [EFFECTIVE DATE] to [EFFECTIVE DATE] inclusively, [NUMBER] check in the amount of [AMOUNT] each dated the [NUMBER] day of each of the following [NUMBER] months in payment of the Payments for the said [NUMBER] month period. By or before [EFFECTIVE DATE], Debtor shall deliver to the Creditor [NUMBER] check in the amount of [AMOUNT] each dated the [NUMBER] day of each of the remaining [NUMBER] months in payment of the Payments for the said [NUMBER] month period.
   3. The Principal Amount shall bear interest from the date of any unremedied default at the rate of [PERCENTAGE %] percent per annum, calculated on the balance then outstanding and payable on demand. All interest not paid when due shall bear interest at the same rate calculated as aforesaid and payable on demand.
      1. The balance of [AMOUNT] (the “Balance”) shall be paid to the Creditor by way of compensation and set-off against the amount of any commission which may become owing to Debtor by the Creditor on any sales of its assets which Debtor may make from time to time hereafter on behalf of the Creditor, and against the amount of any salary or other compensation which may become owing to him by the Creditor *in re*spect of any other services of any nature whatsoever which Debtor may perform from time to time hereafter on behalf of the Creditor.
      2. The amount of such commissions, salary and/or other compensation shall be determined in accordance with the terms and conditions of any agreements which the Creditor and Debtor may enter into for the provision of such services by Debtor to the Creditor. The Creditor shall provide to Debtor on a regular basis a list of assets currently offered for sale by the Creditor and undertakes to give Debtor every opportunity, on a non-exclusive basis, to sell such assets and undertakes not to act unreasonably in considering any offer to purchase which Debtor may bring to the Creditor.
      3. In the event that the Balance has not been repaid in full on the date the last payment falls due under Section 2.1 hereof, Debtor shall pay off the amount of the Balance then outstanding (the “Unpaid Balance”) by way of consecutive monthly instalments in the amount of [AMOUNT] each, payable on the [DATE] day of each month, commencing [EFFECTIVE DATE] (the “Extended Period”). On [EFFECTIVE DATE], Debtor shall deliver to the Creditor the requisite number of check in the amount of [AMOUNT] each dated the [DATE] day of each month in payment of the Unpaid Balance, always provided that Debtor shall still be able to pay any or all of the Unpaid Balance during the Extended Period by way of compensation and set-off pursuant to the provisions of Section 2.3.1.
   4. The debtor shall have a grace period of [NUMBER] days from the date of any written notice of default to make any Payment due hereunder to remedy said default. In the event the default is not remedied within such period, Debtor shall lose the benefit of the term provided for herein and the entire balance of the Settlement Amount then outstanding shall become immediately due and payable. The Creditor shall then be entitled to demand payment in full of the outstanding amount of the Settlement Amount, by written notice of demand, without further notice, including prior notice of such acceleration, or delay.
   5. The Creditor shall, in addition to its right to accelerate payment in the event of an unremedied default to make any payment, be entitled to accelerate payment should the Creditor advise Debtor in writing of the discovery of any material omission of any encumbrance on any of the assets listed in Schedule C or of any other limitation or alteration in Debtor’s right, title and interest in and to the assets listed in Schedule C, provided that Debtor shall have [NUMBER] days from the date of such notice to remedy the default such that the omission is no longer material, but not in the event of any other default hereunder.
   6. Concurrently with his execution of the present Settlement Agreement, Debtor shall execute demand promissory notes in the amounts of [AMOUNT] respectively, in the form of the promissory notes annexed hereto as Schedules A and B respectively, to be held by the Creditor as collateral security for the performance of Debtor’s obligations under this Section 2.
3. Debtor shall grant security in favour of the Creditor against each and all of the assets identified in the affidavit executed by Debtor concurrently herewith and annexed hereto as Schedule C (the “Secured Assets”), subject to the encumbrances thereon as disclosed therein (the “Encumbrances”), which Encumbrances Debtor hereby represents, and warrants are all the encumbrances existing against the Secured Assets, and which Secured Assets Debtor hereby represents and warrants have a net aggregate liquidation value, after deduction of the reasonable expenses of liquidation and after payment of the Encumbrances of not less than the Settlement Amount.
4. Debtor hereby agrees and undertakes to sign all such documents as may be prepared by the Creditor to document, register and perfect such security, and to cause each of the Company and [COMPANY NAME] to do all such things required to render the pledges of their shares enforceable in accordance with the terms of the share pledge agreement to be executed by Debtor in favour of the Creditor, including without limitation the endorsement of the certificates representing the pledged shares in blank and delivery of them to the Creditor, and the adoption of such resolutions as may be required to approve the transfer of the pledged shares to the Creditor and delivery of the updated originals thereof to the Creditor, and to sign any and all such further documents as may be required by the Creditor to amend, renew or maintain such security.
5. During the term contemplated in Section 2.1 above, Debtor shall not sell or otherwise dispose of any Secured Assets or the Pledged Shares without obtaining the Creditor’s prior written consent, which shall not be unreasonably withheld. If the Creditor consents to the disposition of the asset, it shall, at Debtor’s expense, discharge its encumbrance in exchange for a pledge by Debtor of the net proceeds of the disposition, being that amount which Debtor would otherwise have received pursuant to such disposition after payment of all costs of disposition (the “Net Proceeds”), which amount Debtor shall place in a term deposit and pledge in favour of the Debtor. The parties acknowledge that any estimated Net Proceeds which are inferior to the equity value of the asset as reasonably evaluated by the Creditor constitutes reasonable grounds for the Creditor to refuse to consent to such disposition, but provided always that if Debtor shall require the disposition of the Secured Assets and undertakes to replace the Secured Asset to be disposed of with equivalent security reasonably satisfactory to the Creditor, the Creditor shall not withhold its consent.
6. Each of Debtor and Company shall at all times and from time to time, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further act, deed, transfer, assignment, assurance, document or instrument as the Creditor may reasonably require in order to give effect to the present Settlement Agreement and/or the other documents contemplated herein.
7. The Creditor hereby undertakes that it shall, upon payment in full of the Settlement Amount, and of any interest incurred thereon, at Debtor’s expense, release and discharge all security held by it pursuant to Section 3 hereof for the performance of Debtor’s obligations hereunder, and cancel and return to Debtor the promissory notes contemplated in Section 2 hereof.
8. The Creditor, Debtor and Company each hereby remise, release, renounce to and forever discharge each other and all of their respective subsidiaries, affiliates, associates, directors, shareholders, officers and employees and each of them from any and all actions, causes of action, suits, debts, duties, accounts, bonds, contracts, claims and demands whatsoever which any of them had, now has or may in the future have and arising out of any cause, matter or thing whatsoever arising from, relating to or in connection with the Action, save and except any and all actions, causes of action, suits, debts, duties, accounts, bonds, contracts, claims and demands whatsoever which any of them had, now has or may in the future have and arising out of any cause, matter or thing whatsoever arising from, relating to or in connection with the present Settlement Agreement and the documents contemplated herein.
9. The provisions hereof shall inure to the benefit of and shall be binding upon each of the undersigned and their respective heirs, legal representatives, successors and assigns.
10. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.
11. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein or in the documents contemplated herein.
12. This Settlement Agreement shall be construed in accordance with and governed by the [YOUR COUNTRY LAW] of the Province of [COUNTRY], and for the purpose of legal proceedings this Settlement Agreement shall be deemed to have been made and performed in that Province, and the courts of that Province shall have jurisdiction over all disputes which may result under this Settlement Agreement and each of Debtor and Company hereby irrevocably and unconditionally submits to the jurisdiction of such courts, always provided that nothing herein contained shall prevent the Creditor from proceeding at its election against Debtor and/or Company in the courts of any other province, country or jurisdiction.
13. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF, each party to this agreement has caused it to be executed at [PLACE OF EXECUTION] on the date indicated above.

# CREDITOR COMPANY

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title

# DEBTOR

Authorised Signature

Print Name and Title

**SCHEDULE A**

**TO SETTLEMENT AGREEMENT**

NOTE

[AMOUNT]

[DATE]

[COUNTRY], [COUNTRY],

[COMPANY NAME] (the “Bank”) at the offices of the Bank, [FULL ADDRESS], [COUNTRY], the sum of [AMOUNT] in lawful currency of [COUNTRY] on demand.

The said principal amount shall bear interest from the date of demand at the rate of [PERCENTAGE %] percent per annum, calculated on the balance then outstanding and payable on the [DATE] day of each month. All interest not paid when due shall bear interest at the same rate calculated as aforesaid and payable on demand.

Any waiver by the Bank of any default under this Note must be made in writing to be effective, and waiver of any default shall not constitute waiver of any subsequent default hereunder.

Witness [INDIVIDUAL NAME]

**SCHEDULE B**

## TO SETTLEMENT AGREEMENT

NOTE

[AMOUNT]

[DATE]

[COUNTRY], [COUNTRY],

FOR VALUE RECEIVED, [INDIVIDUAL NAME] (the “Debtor”) hereby promises to pay to or to the order of [COMPANY NAME] (the “Bank”) at the offices of the Bank, [FULL ADDRESS], [COUNTRY] the sum of [AMOUNT] in lawful currency of [COUNTRY] on demand.

The said principal amount shall bear interest from the date of demand at the rate of [PERCENTAGE %] percent per annum, calculated on the balance then outstanding and payable on the [DATE] day of each month. All interest not paid when due shall bear interest at the same rate calculated as aforesaid and payable on demand.

Any waiver by the Bank of any default under this Note must be made in writing to be effective, and waiver of any default shall not constitute waiver of any subsequent default hereunder.

Witness [INDIVIDUAL NAME]

**SCHEDULE C**

## TO SETTLEMENT AGREEMENT

AFFIDAVIT OF [INDIVIDUAL NAME]

[TEXT TO BE PROVIDED BY [INDIVIDUAL NAME] OF [COMPANY NAME]