Share Exchange Agreement

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

**BETWEEN: [FIRST PARTY NAME]** (the "Shareholder"), an individual with his main address located at:

[YOUR COMPLETE ADDRESS]

**AND: [SECOND PARTY NAME]** (the "Company"), a company organized and existing under the laws of the [State/Province] of [STATE/PROVINCE], with its head office located at:

[COMPLETE ADDRESS]

The share capital of the Company consists of an unlimited number of Class [SPECIFY] common shares, Class [SPECIFY] preferred shares, Class [SPECIFY] preferred shares and Class [SPECIFY] preferred shares;

The Shareholder represents that he is the owner of [NUMBER AND CLASS] shares in the share capital of the Company.

The [COMPANY NAME] have agreed the fair market value of the Common Shares is [AMOUNT].

The Common Shares have an aggregate stated capital of [AMOUNT];

The Shareholder intends to exchange the Common Shares for [NUMBER AND CLASS] preferred shares in the share capital of the Company and the Company intends to give effect to such an exchange.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

# SHARES EXCHANGED AND EXCHANGE PRICE

* 1. Subject to the terms and conditions in this Agreement, the Shareholder offers Common Shares to the Company and to give effect to this delivers to the Company certificates to evidence this transfer.
  2. The exchange price for the Common Shares is [AMOUNT] which has been determined to be the fair market value of the Common Shares.

# PAYMENT OF THE EXCHANGE PRICE

The Shareholder acknowledges that he has received a certificate representing [AMOUNT AND CLASS] preferred shares of the Company. The [COMPANY NAME] determine that the Preferred Share has a fair market value of [AMOUNT] and the fair equivalent of a consideration payable in cash of [AMOUNT] for the Preferred Share issued.

# SHAREHOLDER’S REPRESENTATIONS AND WARRANTIES

* 1. The Shareholder warrants to the Company that:
     1. the Common Shares are owned truthfully and genuinely owned by the Shareholder;
     2. the Common Shares have been duly issued and are outstanding as fully paid and non-assessable shares;
     3. the Shareholder is a resident of [COUNTRY] for the purposes of the Income Tax [ACT/LAW/RULE] ([COUNTRY]) (the “Federal Act”) and the Taxation [ACT/LAW/RULE] ([STATE/PROVINCE]) (the “[STATE/PROVINCE] Act”);
     4. the exchange and delivery of the Common Shares as provided for in this Agreement shall not conflict with or result in or cause the occurrence of an event or condition which, immediately or after notice or lapse of time or both, constitutes a breach of or default under any agreement, instrument, order, judgment or decree to which the Shareholder is subject;
     5. this Agreement constitutes a valid and binding obligation of the Shareholder enforceable against the Shareholder in accordance with its terms, provided that enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar [YOUR COUNTRY LAW] generally affecting enforceability of creditors’ rights.

# CORPORATION’S REPRESENTATIONS AND WARRANTIES

* 1. The Corporation represents and warrants to the Shareholder that:
     1. the Corporation is a corporation incorporated under the [YOUR COUNTRY LAW] of [COUNTRY] and operates under these laws;
     2. all necessary corporate action and proceedings have been taken to permit the execution of this Agreement. No approval or consent of any public or private authority is required to enter into this Agreement or to consummate the transaction provided for herein;
     3. the aforementioned actions do not conflict with or result in or cause the occurrence of an event or condition which, immediately or after notice or lapse of time or both constitutes a breach of or default under the articles or by-laws of the Corporation or under any agreement, instrument, order, judgment or decree to which the Corporation is subject;
     4. the Preferred Share has been validly allotted and issued and is registered in the name of the Shareholder;
     5. the Corporation is a taxable [COUNTRY] corporation within the meaning of the Federal [ACT/LAW/RULE] and the [STATE/PROVINCE] [ACT/LAW/RULE]; and
     6. this Agreement constitutes a valid and binding obligation of the Corporation enforceable against it in accordance with its terms, provided that enforcement may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws generally affecting enforceability of creditors’ rights.

# STATED CAPITAL ACCOUNT AND PRICE ADJUSTMENT CLAUSE

* 1. The Shareholder and the Corporation agree that the Corporation shall, in accordance with Subsection [SPECIFY] of the [COMPANY NAME], add [AMOUNT] to its stated capital account in respect of the Preferred Share, being an amount equal to the paid-up capital of the Common Shares.
  2. The [COMPANY NAME] hereto confirm that it is their intention that the Exchange Price shall represent the fair market value of the Common Shares. The [COMPANY NAME] hereto agree that in the event the Minister shall assert, directly or indirectly, assess or reassess either or both of the [COMPANY NAME] hereto or otherwise make a final determination (collectively referred to herein as the “Final Determination”) on the basis that the fair market value (the “Ministerial Fair Market Value”) of the Common Shares as of their date of disposition is greater or less than the Exchange Price, the Exchange Price shall be adjusted by an amount equal to the difference between the Exchange Price and the Ministerial Fair Market Value (the “Price Difference”) and an amount equal to the Price Difference shall be added or subtracted, as the case may be, to or from the Exchange Price and the proper adjustment shall be made to the redemption price of the Preferred Share as provided for in the articles of the Corporation.
  3. In the event that the Shareholder and the Corporation do not agree with the Ministerial Fair Market Value, the Exchange Price shall be adjusted to equal the amount determined by final judgment of a competent court (the “Judicial Fair Market Value”) and the provisions of paragraph 5.2 apply mutatis mutandis to such adjustment.

# ELECTIONS

* 1. After the Closing Date (as hereinafter defined), the Shareholder and the Corporation may, if advisable, within the prescribed time period, execute and deliver elections in the forms prescribed by the Federal [ACT/LAW/RULE] and the [STATE/PROVINCE] [ACT/LAW/RULE] and prepared and filed by [NAME] of Roll, [COMPANY NAME], Chartered Accountants, to have the provisions of Section [SPECIFY] of the Federal [ACT/LAW/RULE] and any other relevant provisions thereof and the provisions of Section [SPECIFY] of the [STATE/PROVINCE] [ACT/LAW/RULE] and any other relevant provisions thereof apply to the exchange and transfer of the Common Shares to the Corporation and for the purposes of such elections the parties shall elect the Shareholder’s Cost Amount of the Common Shares for tax purposes, as defined in Subsection [SPECIFY] of the Federal Act and Section [NUMBER] of the [STATE/PROVINCE] [ACT/LAW/RULE] as the Shareholder’s proceeds of disposition of the Common Shares.

In the event that the Shareholder’s Cost Amount of the Common Shares is determined by the Minister of [SPECIFY] [STATE/PROVINCE] to be greater or less than the amount elected by the parties hereto, amended elections will be filed by the [COMPANY NAME], if necessary, so as to reflect the Shareholder’s Cost Amount of the Common Shares as determined by the Minister of [SPECIFY] [STATE/PROVINCE].

# MISCELLANEOUS

* 1. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, legatees, executors, legal representatives, successors and assigns.
  2. This Agreement contains the entire agreement between the parties with respect to the transactions contemplated herein and supercedes all prior negotiations, agreements and understandings, if any.
  3. The representations and warranties set forth in Articles 3 and 4 hereof shall survive the exchange of the Common Shares hereunder.
  4. Each of the [COMPANY NAME] hereto covenants and agrees that it will from time to time hereafter execute and deliver such additional documents and instruments and do such acts and things as may be reasonably necessary fully and effectually to assign and transfer the Common Shares to the Corporation pursuant to this Agreement and to otherwise carry out the intent and purpose of this Agreement.
  5. This Agreement shall be governed by and construed in accordance with the [YOUR COUNTRY LAW] of the Province of [STATE/PROVINCE] and the applicable [YOUR COUNTRY LAW] of [COUNTRY]. The courts of [STATE/PROVINCE] shall have non-exclusive jurisdiction with respect to any matter arising hereunder or related hereto.
  6. All notices, requests, demands and other communications in connection herewith shall be in writing with specific reference to this Agreement and shall be deemed to have been duly delivered when
  7. personally delivered to a responsible officer of such party; or
  8. except during a period of strike, lockout or other postal disruption, sent by registered mail, postage prepaid; or
  9. sent by telex, telegraph, telecopier or other form of recorded communication, charges prepaid, confirmed by prepaid registered mail;

as follows:

* + 1. If to the Shareholder:

[NAME]

[FULL ADDRESS]

[COUNTRY], [STATE/PROVINCE]

* + 1. If to the Corporation:

[COMPANY NAME]

[FULL ADDRESS]

[COUNTRY], [STATE/PROVINCE]

Attn: [NAME]

or such other address as either party may from time to time specify by notice to be given to the other party for such purpose in writing at least [NUMBER] days in advance.

* 1. The effective date and closing date for the exchange of the Common Shares herein provided for shall be at l hours on the [DATE] day of, (the “Closing Date”).

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

## SHAREHOLDER COMPANY

Authorized Signature Authorized Signature

Print Name and Title Print Name and Title