

SHARE PURCHASE AND SALE AGREEMENT ENTERED INTO AT THE CITY OF MONTREAL IN THE PROVINCE OF QUEBEC THIS 15th DAY OF NOVEMBER 2011.

BY AND AMONG: **SARATOGA ELECTRONIC SOLUTIONS INC.**, a corporation duly continued under the federal laws of Canada and having its registered office at 2975 Hochelaga, Montreal, Québec H1W 1G1,

(hereinafter the “**Vendor**”);

AND: **7999291 CANADA INC.**, a corporation duly **incorporated** under the federal laws of Canada and having its registered office at 1589 Adoncour, Longueuil, Québec J4J 5L5,

(hereinafter the “**Purchaser**”);

AND: **LUC CHARLEBOIS**, Executive, residing at 1589 Adoncour, Longueuil, Québec J4J 5L5,

(hereinafter the “**Guarantor**”).

WHEREAS the Vendor is the registered and beneficial owner of all of the issued and outstanding shares in the share capital of Distributions Car-Tel Inc. (the “**Company**”); and

WHEREAS the Guarantor is the sole registered and beneficial owner of all of the issued and outstanding shares in the share capital of the Purchaser;

WHEREAS the Vendor wishes to sell, and the Purchaser wishes to purchase, all of the issued and outstanding shares in the share capital of the Company on the terms and conditions hereinafter set out:

1.0 PREAMBLE AND DEFINITIONS

1.1 The preamble is true and correct and shall form part of this Agreement as if herein recited at length.

1.2 **Definitions.** Where used herein or in any amendments hereto or in any communication required or permitted to be given hereunder, the following terms have the following meanings, respectively, unless the context otherwise requires:

- (a) “**Acquisition Proposal**” means, other than the transactions contemplated by this Agreement, any offer, proposal, expression of interest or inquiry from any

person (other than the Purchaser or the Guarantor or their respective Affiliates) made after the date hereof relating to:

- (i) any acquisition or sale, direct or indirect, whether in a single transaction or a series of related transactions, of: a. the assets of the Vendor and its subsidiaries that, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Vendor and its subsidiaries taken as a whole; or b. 20% or more of any voting or equity securities of the Vendor or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Vendor and its subsidiaries;
- (ii) any take-over bid, tender offer or exchange offer for any class of voting or equity securities of the Vendor;
- (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving the Vendor or any of its subsidiaries whose assets, individually or in the aggregate, constitute 20% or more of the fair market value of the consolidated assets of the Vendor and its subsidiaries;
- (iv) any transaction, the consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the consummation of the transactions contemplated hereunder; or
- (v) any public announcement of an intention to do any of the foregoing;

but specifically excludes any offer, proposal, expression of interest or inquiry from any person relating to any acquisition or sale, plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction exclusively involving the ATM Business.

- (b) **“Affiliate”** means, with respect to any person, any other person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such person, and includes any person in like relation to an Affiliate. A person shall be deemed to control a person if such person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise; and the term **“controlled”** shall have a similar meaning.
- (c) **“Agreement”** means this Share Purchase and Sale Agreement and all Schedules hereto, as well as all instruments supplemental hereto or in amendment or

confirmation hereof. “**Herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this Agreement. “**Article**”, “**Section**”, “**Subsection**” or other subdivisions of this Agreement means and refers to the specified Article, Section, Subsection or other subdivision of this Agreement.

- (d) “**ATM Business**” means the business currently carried on by Saratoga ATM Corporation Inc., a wholly-owned subsidiary of the Vendor.
- (e) “**Business**” means the business carried on by the Company consisting of the sale, distribution and marketing of gift cards, prepaid telephone products and related services.
- (f) “**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Montreal, Province of Québec.
- (g) “**Card**” means any stored value product available for purchase by consumers for application in the consumer retail sector in general, including in particular, but without limitation, in the local, long distance or cellular communication sector, as well as gift cards, but does not include a card affiliated with a financial institution or credit card company.
- (h) “**Closing**” means the completion of the purchase and sale of the Purchased Shares and other transactions contemplated hereunder in accordance with the provisions of this Agreement.
- (i) “**Closing Date**” has the meaning ascribed thereto at Section 7.1.
- (j) “**Company**” has the meaning ascribed thereto in the preamble hereof.
- (k) “**Consent**” means any consent, approval, permit, waiver, ruling, exemption or acknowledgement from any person (other than the Purchaser or the Guarantor) which is provided for or required: (i) in respect of or pursuant to the terms of any contract or (ii) under any applicable Laws, in either case in connection with the completion of the transactions contemplated by this Agreement, or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement, but does not include a Regulatory Approval.
- (l) “**Effective Time**” means 11:59 p.m. (Montreal time) on the Closing Date.
- (m) “**Exchange**” means the TSX Venture Exchange Inc.
- (n) “**Governmental Entity**” means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission,

board or authority of any of the foregoing, (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, or (d) any stock exchange, including the Exchange.

- (o) **“Indemnified Party”** has the meaning ascribed thereto at Section 8.3.
- (p) **“Indemnifying Party”** has the meaning ascribed thereto at Section 8.3.
- (q) **“Interco Indebtedness”** means the indebtedness owed by Saratoga ATM Corporation Inc. to the Company in the aggregate principal amount of One Hundred and Sixty-Five Thousand One Hundred and Eighty Dollars (\$165,180).
- (r) **“Interim Period”** means the period between the date hereof and Closing.
- (s) **“knowledge of the Vendor”** means the actual knowledge of Georges Durst and Richard Vallée.
- (t) **“Laws”** means all laws, by-laws, statutes, rules, regulations, principles of law and equity, orders, writs, awards, decrees, rulings, ordinances, judgements, injunctions, determinations or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term “applicable” with respect to such Laws and in a context that refers to one or more persons, means such Laws as are applicable to such person or its business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or its or their business, undertaking, property or securities.
- (u) **“Lien”** and **“Liens”** means any hypothec, deed of trust, pledge, priority claim, assignment, encumbrance, charge, lien (statutory or other), preference, priority, right or other security interest, of any kind or nature whatsoever, including, without limitation, those created by, arising under or evidenced by any instalment sale or other title retention agreement, the interest of a lessor under a capital lease or any financing lease having substantially the same economic effect as any of the foregoing.
- (v) **“Losses”** has the meaning ascribed thereto at Section 8.1.
- (w) **“Migration Support”** has the meaning ascribed thereto at Section 5.2(a).
- (x) **“Notice of Claim”** has the meaning ascribed thereto at Section 8.4.
- (y) **“Outside Date”** means January 31, 2012, provided, however, that if any of the conditions precedent to the Closing are not satisfied by such date by reason of a Regulatory Approval or Consent not having been obtained or delivered, then,

provided that such Regulatory Approval or Consent is actively being sought and has not been denied by a non-appealable decision of a Governmental Entity, the Outside Date shall be extended for up to an additional 30 days by notice given by the Party seeking such extension to the other Party to such effect no later than 5:00 p.m. (Montreal time) on the date that is not less than five days prior to the original Outside Date.

- (z) **“Parties”** means, collectively, the Vendor, the Purchaser and the Guarantor and **“Party”** shall mean any one of them.
- (aa) **“person”** shall be broadly interpreted to mean any person, including, without limitation, an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, Governmental Entity or any other entity, whether or not having legal status.
- (bb) **“Prime Rate”** means the prime rate of interest per annum quoted by the Bank of Montreal from time to time as its reference rate of interest for Canadian dollar demand loans made to its commercial customers in Canada and which the Bank of Montreal refers to as its “prime rate”, as such rate may be changed from time to time.
- (cc) **“Proposed Agreement”** has the meaning ascribed thereto at Section 5.6(a).
- (dd) **“Purchase Price”** has the meaning ascribed thereto at Section 2.2.
- (ee) **“Purchased Shares”** means all the issued and outstanding shares in the share capital of the Company.
- (ff) **“Records”** has the meaning ascribed thereto at Section 2.5.
- (gg) **“Regulatory Approval”** means any approval, consent, ruling, authorization, notice, permit or acknowledgement that may be required from any person pursuant to applicable Laws in connection with the completion of the transactions contemplated by this Agreement or which is otherwise necessary to permit the Parties to perform their obligations under this Agreement.
- (hh) **“Related Party Indebtedness”** means the indebtedness of the Vendor in the aggregate principal amounts of Three Hundred and Three Thousand Thirteen Dollars and Sixty-Three Cents (\$303,013.63) and Three Hundred and Ninety Thousand Eight Hundred and Thirty-Three Dollars and Twenty-Five Cents (\$390,833.25) owing to Link Productions Ltd. and Saratoga Multi-Média Inc., respectively, each bearing interest at the rate of twelve percent (12%) per annum, and secured by a conventional hypothec without delivery charging the universality of all claims of the Company.

- (ii) **“Representatives”** mean, collectively, in respect of a person (a) its directors, officers, employees, agents, representatives and any financial advisor, law firm, accounting firm or other professional firm retained to assist such person in connection with the transactions contemplated by this Agreement; and (b) such person’s Affiliates and the directors, officers, employees, agents, representatives and advisors thereof.
- (jj) **“Response Period”** has the meaning ascribed thereto at Section 5.6(a).
- (kk) **“Saratoga Leasing Indebtedness”** means the indebtedness owed by the Company to Saratoga Leasing Inc. in the aggregate amount of Three Hundred and Eighteen Thousand Two Hundred and Fifty-Two Dollars (\$318,252), bearing interest at a rate of eighteen percent (18%) per annum, and secured by a conventional hypothec without delivery charging specific equipment of the Company.
- (ll) **“Superior Proposal”** means a *bona fide* unsolicited written Acquisition Proposal made after the date of this Agreement but prior to the Closing Date that:
 - (i) did not result from a breach of Section 5.4 by the Vendor or its Representatives;
 - (ii) is reasonably capable of being completed without undue delay taking into account, to the extent considered relevant by the Vendor’s Board of Directors, all financial, legal, regulatory and other aspects of such Acquisition Proposal and the person making such Acquisition Proposal;
 - (iii) is not subject to any financing condition and in respect of which the Vendor’s Board of Directors has concluded, in good faith and after receiving the advice of its outside legal and financial advisors, there is a reasonable likelihood that any required financing has been obtained or will be obtained without undue delays; and
 - (iv) in respect of which the Vendor’s Board of Directors determines, in its good faith judgment, after receiving the advice of its outside legal and financial advisors, that: (1) failure to recommend such Acquisition Proposal to the shareholders of the Vendor would be inconsistent with its fiduciary duties under applicable Law; and (2) having regard to all of its terms and conditions, such Acquisition Proposal would, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would likely result in a transaction more favourable to the shareholders of the Vendor from a financial point of view than the present Agreement.
- (mm) **“Superior Proposal Notice”** has the meaning ascribed thereto at Section 5.6(a).

- (nn) **“Surcharge”** means any service, user, transaction, convenience or similar surcharge or fee charged to the purchaser of a Card at the time of its purchase or activation which is in excess of the value stored on such Card.
- (oo) **“Surcharge Fee”** has the meaning ascribed thereto at Section 2.3.
- (pp) **“Surcharge Fee Term”** has the meaning ascribed thereto at Section 2.3.
- (qq) **“Tax”** means all taxes, including, without limitation, income, withholding, real property, social service and corporate, capital, value added, sales, franchise, excise, profits, gross receipts, customs duties, stamp, transfer, water, business and goods and services taxes.
- (rr) **“Termination Payment”** has the meaning ascribed thereto in Section 5.7(a).
- (ss) **“Third Party Claim”** has the meaning ascribed thereto at Section 8.5.
- (tt) **“Transaction Resolution”** means the resolution approving the sale of the Purchased Shares to the Purchaser upon the terms and conditions set forth in this Agreement to be voted upon by the shareholders of the Vendor at a meeting of the shareholders of the Vendor convened and held in accordance with applicable Law.

1.3 The following is a list of the Schedules attached hereto and incorporated herein by reference:

Schedule 3.1(a)	Consents and Regulatory Approvals
Schedule 3.1(i)	Title to Property

2.0 PURCHASE AND SALE

2.1 **Purchase and Sale.** Upon and subject to the terms and conditions hereof, on the Closing Date, the Vendor shall sell to the Purchaser, and the Purchaser shall purchase from the Vendor, the Purchased Shares, the whole as of the Effective Time.

2.2 **Purchase Price.** Subject to Section 2.3, the purchase price payable by the Purchaser to the Vendor for the Purchased Shares shall be One Million One Hundred and Ninety Three Thousand Seven Hundred and Eighty Eight Dollars (\$1,193,788.00) (the **“Purchase Price”**). The Purchase Price shall be payable by the Purchaser in full at Closing by way of certified cheque or bank draft drawn to the order of the Vendor or by way of electronic fund transfer to a bank account designated by the Vendor.

2.3 **Surcharge Fee.** In addition to the Purchase Price payable by the Purchaser to the Vendor at Closing, in the event that a Surcharge is first charged, directly to purchasers of any Cards marketed, distributed or otherwise sold by the Company or any of its Affiliates or any successors to the Business at any time within the two (2)-year period

following the Closing Date, then the Purchaser shall pay to the Vendor, in respect of all such Surcharges charged at any time during the three (3)-year period beginning on the date that such first Surcharge is charged (the “**Surcharge Fee Term**”), an amount in cash equal to nine percent (9%) of the aggregate amount of all such Surcharges charged during the Surcharge Fee Term (the “**Surcharge Fee**”). The Surcharge Fee shall be payable by the Purchaser monthly in arrear, on the fifteenth (15th) day following the end of each month during the Surcharge Fee Term, in respect of all Surcharges charged during such month, regardless of the portion of the Surcharge, if any, collected or retained by or accrued to the Purchaser, the Company or any of their respective Affiliates or any successors to the Business.

2.4 **Reporting.** The Purchaser shall maintain complete and accurate records and tracking systems in a form and manner consistent with generally accepted accounting principles with respect to any Surcharge contemplated by Section 2.3 in respect of which the Surcharge Fee is payable. Within five (5) days after the end of each calendar month during the Surcharge Fee Term, the Purchaser shall furnish, or cause to be furnished, to the Vendor a written and/or electronic summary report, in a form acceptable to the Vendor, acting reasonably, detailing the Cards marketed, sold or otherwise distributed during such month and the Surcharge Fees payable thereon. The Purchaser shall retain all records required for the preparation of the reports set forth in this Section 2.4 throughout the Surcharge Fee Term and for a period of at least three (3) years following the expiration thereof.

2.5 **Audit.** During the Surcharge Fee Term, the Purchaser shall make available to the Vendor, upon request, during normal business hours, once per calendar quarter, the data and reports generated by, through, or in connection with all relevant revenue and cash administration and/or internal accounting platforms (together with any other additional information required by the Vendor in connection with the required reporting set forth in Section 2.4, including, without limitation, access to the switch operators of the Purchaser processing the various Cards (collectively, the “**Records**”)) for the purpose of conducting an audit of such Records. The scope of the audit may include, without limitation, all distributions and sales of Cards during the Surcharge Fee Term. The Vendor may employ an independent auditor or the Vendor may choose to conduct such audit on its own behalf. Neither the Vendor’s acceptance of any information nor the Vendor’s audit or examination of the Records shall waive the Vendor’s right to dispute the accuracy or completeness of any information supplied by the Purchaser to the Vendor.

3.0 REPRESENTATIONS AND WARRANTIES

3.1 **Representations and Warranties of the Vendor.** The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the purchase by the Purchaser of the

Purchased Shares and that the Purchaser would not have entered into this Agreement without such representations and warranties.

- (a) **Due Authorization.** The Vendor has the necessary corporate power, authority and capacity to execute this Agreement and to perform its obligations hereunder. Except as disclosed in Schedule 3.1(a), the execution of this Agreement by the Vendor and the performance by the Vendor of its obligations hereunder do not require any Regulatory Approval or Consent.
- (b) **Enforceability.** This Agreement constitutes a legal, valid and binding obligation of the Vendor enforceable against it in accordance with its terms.
- (c) **No Conflict.** The execution of this Agreement, the consummation of the transactions contemplated herein, the performance by the Vendor of its obligations hereunder and the compliance by the Vendor with this Agreement do not:
 - (i) violate, contravene or breach or constitute a default under the constating instruments or by-laws of the Vendor;
 - (ii) violate, contravene or breach or constitute a default under any contract, agreement, indenture, instrument or commitment to which the Vendor may be a party or its properties may be subject or by which it is bound or affected;
 - (iii) result in, or require the creation of any Lien upon any of the Purchased Shares; or
 - (iv) violate, contravene or breach any Laws.
- (d) **Due Incorporation.** The Company:
 - (i) is duly constituted, validly existing, duly organized and in good standing under the Laws of Québec; and
 - (ii) has all the necessary corporate power and authority to own, lease and operate its properties and to conduct the Business as and in the places where such properties are now owned, leased or operated or the Business is now conducted.
- (e) **Authorized and Issued Capital.** The Purchased Shares represent all of the issued and outstanding shares in the capital of the Company.
- (f) **No Subsidiaries.** The Company does not own, directly or indirectly, any shares in the capital of any person and does not have any property interest in any person.

- (g) **Title to the Purchased Shares.** The Vendor is currently the beneficial owner and registered holder of record of the Purchased Shares, free and clear of all Liens.
- (h) **No Option.** There is no:
 - (v) outstanding security of the Company convertible or exchangeable into any share or shares in the share capital of the Company;
 - (vi) outstanding subscription, option, warrant, call, commitment or agreement obligating the Company to issue any share or shares of its share capital or any security or securities of any class or kind which in any way relate to the authorized or issued share capital of the Company;
 - (vii) agreement (other than this Agreement) which grants to any person the right to purchase or otherwise acquire any share or shares issued and outstanding in the capital of the Company; or
 - (viii) voting trust or voting agreement or pooling agreement or proxy with respect to any Purchased Shares.
- (i) **Title to Property.** The Company is the sole and unconditional owner of and has a good and valid title to all of its assets enumerated in Schedule 3.1(i), free and clear of all Liens, except as disclosed in Schedule 3.1(i).
- (j) **No Broker.** None of the Vendor or the Company, nor any of their respective shareholders, directors, officers, employees or agents, has employed or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement or any of the transactions contemplated hereby, the payment of which is or could be the responsibility of the Company or the Purchaser.
- (k) **Resident.** The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

3.2 **Representations and Warranties of the Purchaser and the Guarantor.** The Purchaser and the Guarantor solidarily represent and warrant to the Vendor as follows and acknowledge that the Vendor is relying upon such representations and warranties in connection with the sale by the Vendor of the Purchased Shares and that the Vendor would not have entered into this Agreement without such representations and warranties.

- (a) **Due Incorporation.** The Purchaser:
 - (i) is duly constituted, validly existing, duly organized and in good standing under the Laws of Canada; and

- (ii) has all the necessary corporate power and authority to own, lease and operate its properties and to conduct its business as and in the places where such properties are now owned, leased or operated or such business is now conducted.
- (b) **Due Authorization.** The Purchaser has the necessary corporate power, authority and capacity to execute this Agreement and to perform its obligations hereunder. The execution of this Agreement by the Purchaser and the performance by the Purchaser of its obligations hereunder has been duly authorized by all necessary corporate action on its part. The execution of this Agreement by the Purchaser and the Guarantor and the performance by the Purchaser and the Guarantor of their obligations hereunder do not require any Regulatory Approval or Consent.
- (c) **Enforceability.** This Agreement constitutes a legal, valid and binding obligation of the Purchaser and the Guarantor, enforceable against each in accordance with its terms.
- (d) **No Conflict.** The execution of this Agreement, the consummation of the transactions contemplated herein, the performance by the Purchaser and the Guarantor of their obligations hereunder and the compliance by the Purchaser and the Guarantor with this Agreement do not:
 - (ix) violate, contravene or breach or constitute a default under the constating instruments or by-laws of the Purchaser;
 - (x) violate, contravene or breach or constitute a default under any contract, agreement, indenture, instrument or commitment to which the Purchaser or the Guarantor may be a party or their respective properties may be subject or by which either of them is bound or affected; or
 - (xi) violate, contravene or breach any Laws.
- (e) **No Broker.** Neither the Guarantor, the Purchaser nor any of the Purchaser's shareholders, directors, officers, employees or agents has employed or incurred any liability to any broker, finder or agent for any brokerage fees, finder's fees, commissions or other amounts with respect to this Agreement or any of the transactions contemplated hereby, the payment of which is or could be the responsibility of the Vendor.
- (f) **Financing.** The Purchaser has the necessary financing available to perform its payment obligations under this Agreement, including, without limitation, the payment of the Purchase Price and of the Saratoga Leasing Indebtedness.

4.0 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

4.1 **Survival of Representations and Warranties of the Vendor.** The representations and warranties of the Vendor contained in this Agreement or in any certificate or other document delivered or given pursuant to this Agreement shall survive the completion of the transactions contemplated by this Agreement for a period of eighteen (18) months following the Closing Date.

4.2 **Survival of Representations and Warranties of Purchaser and Guarantor.** The representations and warranties of the Purchaser and the Guarantor contained in this Agreement or in any certificate or other document delivered or given pursuant to this Agreement shall survive the completion of the transactions contemplated by this Agreement for a period of eighteen (18) months following the Closing Date.

5.0 COVENANTS

5.1 **Conduct of Business.**

- (a) Each of the Vendor, the Purchaser and the Guarantor agrees that, during the Interim Period, it shall cause the Company to conduct its business in the ordinary course and in a manner consistent with past practices and, without limiting the generality of the foregoing, neither the Vendor, the Purchaser nor the Guarantor shall cause, without the prior consent of the other Parties, the Company to:
- (i) make or assume any commitment, obligation or liability which is outside ordinary course of the Business;
 - (ii) cease to operate its properties and to carry on its business as heretofore carried on or fail to maintain all of its properties, rights and assets consistently with past practices;
 - (iii) sell or otherwise in any way alienate or dispose of any of its assets other than in the ordinary course of the Business and in a manner consistent with past practices;
 - (iv) split, combine or re-classify any of its shares, or redeem, retire, repurchase or otherwise acquire shares in its share capital or other corporate security, or reserve, declare, make or pay any dividend, or make any other distributions or appropriations of profits or capital;
 - (v) waive or cancel any material claim, account receivable, trade account or right outside the ordinary course of the Business or make any gift;
 - (vi) make any change in the rate or form of compensation or remuneration payable to or to become payable to any of its directors, officers, employees or agents;

- (vii) make any change in its accounting principles and practices as utilized in the preparation of its financial statements, except as required by the application of International Financial Reporting Standards;
 - (viii) grant to any customer any special allowance or discount, or change its pricing, credit or payment policies, other than in the ordinary course of the Business;
 - (ix) make any capital expenditure in excess of \$1,000;
 - (x) make any loan or advance, or assume, guarantee, endorse or otherwise become liable with respect to the liabilities or obligations of any person;
 - (xi) modify its constating instruments, by-laws or capital structure;
 - (xii) other than as contemplated by this Agreement, remove any director or auditor or terminate any officer without cause;
 - (xiii) purchase or otherwise acquire any corporate security or proprietary, participatory or profit interest in any person;
 - (xiv) issue, sell or otherwise dispose of any shares of its share capital or any warrants, rights, bonds, debentures, notes or other corporate security;
 - (xv) modify or change its business organization or its relationship with its suppliers, customers and others having business relations with it; or
 - (xvi) authorize, agree or otherwise commit to any of the foregoing.
- (b) In addition, and without limiting the generality of the foregoing, each of the Vendor, the Purchaser and the Guarantor agrees that, during the Interim Period, it shall cause the Company to:
- (i) (1) comply in all material respects with all Laws, (2) duly and punctually file all material reports and returns required to be filed by any Laws, and (3) pay or provide for the payment of all Taxes;
 - (ii) maintain its books in a manner that fairly and accurately reflects, in all material respects, its income, expenses and liabilities in accordance with generally accepted accounting principles consistently applied and using accounting policies, practices and calculations applied on a basis consistent with past periods and throughout the periods involved, except as required by the application of International Financial Reporting Standards;

- (iii) maintain in full force and effect insurance policies on its properties providing coverage and amounts of coverage comparable to the coverage and amounts of coverage provided under its insurance policies in effect on the date hereof;
 - (iv) perform duly and punctually and in all material respects all of its material contractual obligations in accordance with the terms thereof;
 - (v) maintain and keep its material properties in good condition and working order, except for ordinary wear and tear;
 - (vi) cause all of the data, files, records, software and other similar information or property stored on the computer systems of the Company which relate to the Vendor or its business (other than the Business), to be migrated to the computer systems designated by the Vendor; and
- (c) Each of the Vendor, the Purchaser and the Guarantor agrees that, during the Interim Period, it shall use all commercially reasonable efforts to obtain, at or prior to the Closing Time, all Consents and Regulatory Approvals within its control to obtain.

5.2 **Transitional Services.**

- (a) To the extent that the data, files, records, software and other similar information or property stored on the computer systems of the Company which relate to the Vendor or its business (other than the Business) have not been fully migrated prior to the Closing as contemplated by Section 5.1(b)(vi), the Vendor may request that the Purchaser provide support to the Vendor for such migration, and pending the completion of such migration, administer, support and provide the Vendor with unfettered access to such information and computer systems in a manner consistent with current practices (the “**Migration Support**”). The Purchaser shall provide, or cause to be provided, such Migration Support for a period of up to three (3) months following the Closing, as required by the Vendor.
- (b) The Purchaser shall perform, or cause to be performed, the Migration Support:
 - (i) in a timely, competent and workmanlike manner, honestly, in good faith and with a view to the best interests of the Vendor, and in connection therewith shall, in good faith and with a view to the best interests of the Vendor, exercise the degree of care, diligence and skill that a prudent service provider would exercise in comparable circumstances; (ii) in compliance with all applicable Laws; and (iii) at no cost to the Vendor.

- 5.3 **Examination.** During the Interim Period, the Vendor shall afford, and shall cause the Company to afford, to the Purchaser and its legal, accounting and other representatives,

reasonable access during normal business hours (without undue interference to the ordinary conduct of the Business) to (i) the Company and its affairs, business and property; and (ii) all executive personnel (other than the Guarantor) and the auditors of the Company to consult with them in respect of (a) the affairs, business and properties of the Company and the manner in which they are conducted, held or used; and (b) any questions raised by the examination made by the Purchaser and its representatives pursuant to this Section 5.3.

5.4 **Restrictions on Solicitation.** The Vendor shall not, and shall cause the Company not to, directly or indirectly, through any Representative (excluding the Guarantor) or otherwise, solicit or entertain offers from, provide information to, negotiate with or in any manner encourage, discuss, accept or consider any proposal of any person other than the Purchaser and the Guarantor, relating to an Acquisition Proposal, provided, however, that the foregoing shall not prevent the Vendor's Board of Directors from considering an Acquisition Proposal that could reasonably be expected to result in a Superior Proposal and accepting a Superior Proposal that might be made by any such third party if the remaining provisions of this Agreement have been complied with. Notwithstanding this Section 5.4 and any other provision of this Agreement or of any other agreement among the Purchaser, the Vendor, the Guarantor and the Company, if at any time following the date of this Agreement, the Vendor or its Board of Directors receives a written Acquisition Proposal that was not solicited after the date hereof in contravention of this Section 5.4, the Vendor's Board of Directors may (directly or through its Representatives):

- (a) if it believes, acting in good faith, that the Acquisition Proposal could reasonably be expected to result in a Superior Proposal, contact the person(s) making such Acquisition Proposal and its or their Representatives for the purpose of clarifying such Acquisition Proposal and any material terms thereof and the conditions thereto and the likelihood of consummation so as to determine whether such proposal is, or could reasonably be expected to result in a Superior Proposal; and
- (b) if, in the opinion of the Vendor's Board of Directors, acting in good faith and after receiving advice from its outside legal and financial advisors, the Acquisition Proposal constitutes or, if consummated in accordance with its terms, is or could reasonably be expected to result in a Superior Proposal, then, and only in such case, the Vendor may:
 - (i) furnish information with respect to the Company and/or the Vendor to the person making such Acquisition Proposal and its Representatives for a period of not more than twenty (20) days, provided that no competitively sensitive information, the disclosure of which would reasonably be considered to be materially prejudicial to the Company, shall be furnished to such person or any of its Affiliates prior to the 5th last day of the diligence period provided to such person (in any event not

to exceed twenty (20) days) if such person or any of its Affiliates is a competitor or a potential competitor of the Company and prior to the disclosure of such competitively sensitive information, the Vendor's Board of Directors has satisfied itself in the exercise of its fiduciary duties that any such Acquisition Proposal continues to be or, if consummated in accordance with its terms, would reasonably be expected to result in a Superior Proposal, and/or

- (i) participate in discussions or negotiations with the person making such Acquisition Proposal and its Representatives, provided that the Vendor shall not, and shall not allow the Company or their respective Representatives to, disclose any non-public information with respect to the Company to such person: (1) if such non-public information has not been previously provided to or made available to or is not concurrently provided or made available to the Purchaser or its Representatives; (2) without entering into a confidentiality agreement (if one has not already been entered into) that is customary in such situations; and (3) without providing a copy of such confidentiality agreement to the Purchaser.

5.5 **Notification.** The Vendor shall promptly notify the Purchaser, at first orally, and then, in writing, within twenty-four (24) hours of receipt of any proposal, inquiry, offer or request received by the Vendor or its Representatives after the date hereof: (i) relating to an Acquisition Proposal or potential Acquisition Proposal or inquiry that could reasonably lead to or be expected to lead to an Acquisition Proposal; (ii) for discussions or negotiations in respect of an Acquisition Proposal or potential Acquisition Proposal; or (iii) for non-public information relating to the Vendor or the Company or access to properties, books and records of the Vendor or the Company or a list of the shareholders of the Vendor. Such notice shall indicate the identity of the person making such proposal, inquiry, offer or request, include a copy of the Acquisition Proposal from such person and include a copy of any other documentation received by the Vendor or its Representatives and such other details of the Acquisition Proposal known to the Vendor as the Purchaser may reasonably request. The Vendor shall keep the Purchaser promptly and fully informed of the status, including any change to the material terms, of such proposal, inquiry, offer or request and shall respond promptly to all reasonable inquiries by the Purchaser with respect thereto and shall provide copies of any written documents or correspondence provided to the Vendor relating to such Acquisition Proposal.

5.6 **Responding to Acquisition Proposal and Superior Proposals.**

- (a) Notwithstanding Section 5.4 and subject to compliance with the Vendor's obligations in Sections 5.4, 5.6 and 5.7, the Vendor may terminate this Agreement and enter into a definitive agreement (a "**Proposed Agreement**") with any third party providing for an Acquisition Proposal, if the Vendor's Board

of Directors determines such Acquisition Proposal is a Superior Proposal, provided that the Vendor may do so only after providing the Purchaser with written notice that the Vendor's Board of Directors has determined that it has received a Superior Proposal (a "**Superior Proposal Notice**"), which identifies the party making the Superior Proposal and provides the Purchaser with a copy of any Proposed Agreement, in each case not less than five (5) Business Days (the "**Response Period**") prior to the proposed execution of such Proposed Agreement by the Vendor. For purposes of this Agreement, the Response Period shall expire at 5.00 p.m. (Montreal time) on the fifth (5th) Business Day following the day on which the Superior Proposal Notice and Proposed Agreement was provided to the Purchaser.

- (b) During the Response Period, the Vendor acknowledges and agrees that the Purchaser shall have the right, but not the obligation, to offer to amend the terms of this Agreement in order to provide for terms at least equivalent to those provided for in the Superior Proposal. If the Purchaser does so, then the Vendor's Board of Directors shall review any such proposal by the Purchaser to determine (acting in good faith and in accordance with its fiduciary duties) whether the Acquisition Proposal to which the Purchaser is responding would continue to be a Superior Proposal when assessed against the amended Agreement as proposed by the Purchaser. If the Vendor's Board of Directors determines that the Acquisition Proposal would thereby cease to be a Superior Proposal, it will cause the Vendor to enter into an amendment to this Agreement reflecting the offer by the Purchaser to amend the terms of this Agreement and will further agree not to enter into the applicable Proposed Agreement.
- (c) If (i) the Purchaser does not offer to amend the terms of this Agreement within the Response Period; or (ii) the Vendor's Board of Directors determines, acting in good faith and in the proper discharge of its fiduciary duties (after consultation with its outside legal and financial advisors) that the Acquisition Proposal would nonetheless remain a Superior Proposal with respect to the proposal by the Purchaser to amend this Agreement and therefore rejects such proposal by the Purchaser to amend this Agreement, the Vendor shall be entitled to terminate this Agreement by giving a written notice of its intention to terminate this Agreement following the expiry of the Response Period and enter into the Proposed Agreement upon payment to the Purchaser of the amount payable pursuant to Section 5.7(a).
- (d) The Vendor acknowledges and agrees that each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement of Section 5.6(a) to initiate an additional five (5) Business Day Response Period.

- (e) Nothing in this Agreement shall prevent the Vendor's Board of Directors from taking any action or from making any disclosure to the shareholders of the Vendor with respect to an Acquisition Proposal that it determines is not, and could not reasonably be expected to result in, a Superior Proposal, if the Vendor's Board of Directors, acting in good faith and upon the advice of its legal advisors, shall have determined that the failure to take such action or make such disclosure would be inconsistent with its fiduciary duties or such action or disclosure is otherwise required under applicable Laws (including, without limitation, by responding to any Acquisition Proposal under a directors' circular, or otherwise, as required under applicable securities Laws). The Purchaser and its advisors shall be given a reasonable opportunity to review and comment on the content of any such directors' circular prior to its printing, or any other such public disclosure prior to its public dissemination, and the Vendor shall consider for inclusion all reasonable comments made by the Purchaser and its advisors.

5.7 Termination Payment.

- (a) In the event the Vendor terminates this Agreement in accordance with the provisions of Section 5.6(c), the Purchaser shall be entitled to a cash termination payment (the "**Termination Payment**") in an amount equal to Seventy-Five Thousand Dollars (\$75,000.00). The Termination Payment shall be paid by the Vendor, in immediately available funds, to an account designated by the Purchaser, as consideration for termination of the Purchaser's rights under this Agreement, as a result of its acceptance of a Superior Proposal, in which case the Termination Payment shall be payable prior to accepting, approving or the entering into any definitive agreement relating to such Superior Proposal.
- (b) Upon written notice to the Vendor, the Purchaser may assign its right to receive the Termination Payment to any of its nominees.
- (c) The Vendor acknowledges that the amount set out in Section 5.7(a) in respect of the Termination Payment represents liquidated damages that are a genuine pre-estimate of the damages, including opportunity costs, that the Purchaser will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty and irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.
- (d) Upon termination of this Agreement and the receipt of the Termination Payment by the Purchaser, the Purchaser shall have no further claims or remedies against the Vendor in respect of the matters set forth in Section 5.7(a).

6.0 CONDITIONS OF CLOSING

6.1 **Mutual Conditions Precedent.** The obligations of the Parties to complete the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Closing Date, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Transaction Resolution shall have been approved and adopted with the requisite majorities under applicable Law by the shareholders of the Vendor at a special meeting of the shareholders convened and held in accordance applicable Law;
- (b) no action, suit or proceeding shall have been taken under any applicable Law or by any Governmental Entity, and no Law, policy, decision or directive (having the force of Law) shall have been enacted, promulgated, amended or applied, in each case (i) that makes consummation of the transactions contemplated by this Agreement illegal, (ii) to enjoin or prohibit the transactions contemplated by this Agreement, (iii) which would render this Agreement unenforceable in any way or frustrate the purpose and intent hereof or (iv) resulting in any judgment or assessment of damages, direct or indirect, which in the aggregate has had or could be reasonably expected to have a material adverse effect on the Vendor or the Purchaser,
- (c) all necessary Regulatory Approvals shall have been obtained;
- (d) all necessary Consents shall have been obtained; and
- (e) this Agreement shall not have been terminated in accordance with its terms.

6.2 **Conditions for the Benefit of the Purchaser.** The obligation of the Purchaser to complete the transactions contemplated by this Agreement is subject to the fulfillment, on or before the Closing Date, of each of the following conditions precedent, each of which may only be waived with the consent of the Purchaser:

- (a) **Truth of Representations and Warranties of the Vendor.** The representations and warranties of the Vendor contained in this Agreement or in any certificate or other document delivered or given pursuant to this Agreement (considered individually and collectively) shall have been true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date as though made on such date, and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and the Guarantor and dated the Closing Date, signed on behalf of the Vendor by a senior executive officer (on the behalf of the Vendor and without personal liability), confirming the same as of the Closing Date.
- (b) **Performance of Covenants by the Vendor.** All of the covenants, obligations and agreements that the Vendor is required to perform or to comply with pursuant

to this Agreement at or prior to the Closing Date (considered individually or collectively), including, without limitation, pursuant to Section 7.2, shall have been performed or complied with in all material respects at or prior to the Closing Date, and the Purchaser shall have received a certificate of the Vendor addressed to the Purchaser and the Guarantor and dated the Closing Date, signed on behalf of the Vendor by a senior executive officer (on the behalf of the Vendor and without personal liability), confirming the same as of the Closing Date.

6.3 **Condition Not Fulfilled.** If any condition in Section 6.1 or 6.2 shall not have been fulfilled on or before the Outside Date or if any such condition is or becomes impossible to satisfy, other than as a result of the failure of either the Purchaser or the Guarantor to comply with its respective obligations under this Agreement, then the Purchaser in its sole discretion may either:

- (a) terminate this Agreement by notice to the Vendor, as provided in Section 9.5; or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition.

6.4 **Conditions for the Benefit of the Vendor.** The obligation of the Vendor to complete the transactions contemplated by this Agreement is subject to the fulfillment, on or before the Closing Date, of each of the following conditions precedent, each of which may only be waived with the consent of the Vendor:

- (a) **Truth of Representations and Warranties of the Purchaser and the Guarantor.** The representations and warranties of the Purchaser and the Guarantor contained in this Agreement or in any certificate or other document delivered or given pursuant to this Agreement (considered individually and collectively) shall have been true and correct in all material respects as of the date of this Agreement and shall be true and correct in all material respects as of the Closing Date as though made on such date, and the Vendor shall have received a certificate of each of the Purchaser and the Guarantor addressed to the Vendor and dated the Closing Date, signed on behalf of the Purchaser by a senior executive officer (on the behalf of the Purchaser and without personal liability) and by the Guarantor, confirming the same as of the Closing Date.
- (b) **Performance of Covenants by the Purchaser and the Guarantor.** All of the covenants, obligations and agreements that the Purchaser and the Guarantor are required to perform or to comply with pursuant to this Agreement at or prior to the Closing Date (considered individually and collectively), including, without limitation, pursuant to Section 7.3, shall have been performed or complied with in all material respects at or prior to the Closing Date, and the Vendor shall have received a certificate of each of the Purchaser and the Guarantor addressed to the Vendor and dated the Closing Date, signed on behalf of the Purchaser by a

senior executive officer (on the behalf of the Purchaser and without personal liability) and by the Guarantor, confirming the same as of the Closing Date.

- (c) **Migration of Data.** The migration all of the data, files, software, records and other information stored on the computer systems of the Company which relate to the Vendor or its business, shall have been completed.
- (d) **Repayment of Indebtedness.** The Purchaser shall have provided the Company with sufficient funding in order to permit the Saratoga Leasing Indebtedness to be paid in full by the Company at Closing.
- (c) **Forgiveness of Debt.** The Company shall have forgiven the Interco Indebtedness.

6.5 **Condition Not Fulfilled.** If any condition in Section 6.1 or 6.4 shall not have been fulfilled on or before the Outside Date or if any such condition is or becomes impossible to satisfy, other than as a result of the failure of the Vendor to comply with its obligations under this Agreement, then the Vendor in its sole discretion may either:

- (a) terminate this Agreement by notice to the Purchaser, as provided in Section 9.5;
or
- (b) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfilment of any other condition.

7.0 CLOSING ARRANGEMENTS

7.1 **Closing Date.** Subject to the fulfillment or waiver of all of the conditions precedent to the Closing, the Closing shall take place on December 15, 2011 (the "**Closing Date**") at the hour of 4:00 p.m. at the offices of PHILLIPS FRIEDMAN KOTLER, or at such other place, on such other date and/or at such other time as may be agreed between the Parties.

7.2 **Closing Deliveries of the Vendor.** At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (a) the certificates representing the Purchased Shares, duly endorsed for transfer;
- (b) a direction of payment addressed by the Vendor to the Purchaser instructing the Purchaser to pay, on behalf of the Vendor, the Related Party Indebtedness from the Purchase Price payable at Closing;
- (c) the minute books, share certificate books and registers of the Company;
- (d) a certificate of the Vendor signed by senior officer of the Vendor dated as of the Closing Date certifying the constating documents, by-laws and resolutions of the Vendor, in a form satisfactory to the Purchaser, acting reasonably;

- (e) evidence in form satisfactory to the Purchaser, acting reasonably, that the Consents and Regulatory Approvals to be obtained by the Vendor have been obtained;
- (f) a release of all claims (other than the rights, obligations and claims arising under this Agreement) from the Vendor in favour of the Company, in a form satisfactory to the Purchaser, acting reasonably;
- (g) resignations and releases from each of the directors and officers of the Company, other than the Guarantor, in a form satisfactory to the Purchaser, acting reasonably;
- (h) a bringdown certificate of the Vendor confirming the matters specified in Sections 6.2(a) and 6.2(b), in a form satisfactory to the Purchaser, acting reasonably; and
- (i) a release and discharge of all security charging the assets of the Company; and
- (j) all such other assurances, consents, agreements, documents and instruments as may reasonably be required by the Purchaser to complete the transactions contemplated by this Agreement, all of which shall be in form and substance satisfactory to the Purchaser, acting reasonably.

7.3 **Closing Deliveries of the Purchaser.** At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents:

- (a) the Purchase Price in the manner contemplated by Section 2.2;
- (b) a certified cheque or bank draft drawn to the order of Saratoga Leasing Inc. in an amount equal to the Saratoga Leasing Indebtedness;
- (c) a certified cheque or bank draft drawn to the order of Link Productions Inc. in an amount equal to the Related Party Indebtedness owing to Link Productions Inc. as of the Closing Date;
- (d) a certified cheque or bank draft drawn to the order of Saratoga Multi-Média Inc. in an amount equal to the Related Party Indebtedness owing to Saratoga Multi-Média Inc. as of the Closing Date;
- (e) evidence satisfactory to the Vendor and its legal counsel that the Interco Indebtedness has been forgiven;
- (f) a certificate of the Purchaser signed by a senior officer of the Purchaser dated as of the Closing Date certifying the constating documents, by-laws and resolutions of the Purchaser, in a form satisfactory to the Vendor, acting reasonably;

- (g) a bringdown certificate of the Purchaser and the Guarantor confirming the matters specified in Sections 6.4(a) and 6.4(b), in a form satisfactory to the Vendor, acting reasonably;
- (h) a release of all claims (including in respect of any future compensation pursuant to his employment agreement but other than the rights, obligations and claims arising under this Agreement) from the Guarantor in favour of the Vendor and its directors and officers, in a form satisfactory to the Vendor, acting reasonably;
- (i) a non-competition, non-solicitation and confidentiality agreement from each of the Purchaser and the Guarantor containing non-competition and non-solicitation covenants of the Purchaser and the Guarantor in respect of the ATM Business for a term of five (5) years from the Closing Date, in a form satisfactory to the Vendor, acting reasonably; and
- (j) all such other assurances, consents, agreements, documents and instruments as may reasonably be required by the Vendor to complete the transactions contemplated by this Agreement, all of which shall be in form and substance satisfactory to the Vendor, acting reasonably.

8.0 INDEMNIFICATION

8.1 **Indemnification by the Vendor.** The Vendor shall indemnify and hold the Purchaser harmless from and against any claims, demands, actions, causes of action, judgments, damages (which shall include any diminution in value), liabilities, costs or expenses including, without limitation, interest, penalties and reasonable attorneys' and experts' fees and disbursements (collectively the "**Losses**") which may be made against the Purchaser or the Company or which any of them may suffer or incur as a result of, arising out of or relating to:

- (a) any violation, contravention or breach of any covenant, obligation or agreement of the Vendor under or pursuant to this Agreement; or
- (b) any incorrectness in, or breach of, any representation or warranty made by the Vendor in Section 3.1, or in any certificate or other document delivered or given pursuant to this Agreement.

8.2 **Indemnification by the Purchaser and the Guarantor.** The Purchaser and the Guarantor shall solidarily indemnify and hold the Vendor harmless from and against any Losses which may be made against the Vendor or which the Vendor may suffer or incur as a result of, arising out of or relating to:

- (a) any violation, contravention or breach of any covenant, obligation or agreement of the Purchaser or the Guarantor under or pursuant to this Agreement; or

- (b) any incorrectness in, or breach of, any representation or warranty made by the Purchaser in Section 3.2, or in any certificate or other document delivered or given pursuant to this Agreement.
- 8.3 **Obligation to Reimburse.** The Party providing indemnification hereunder (the “**Indemnifying Party**”) shall reimburse, on demand, to the Party being indemnified hereunder (the “**Indemnified Party**”) the amount of any Losses suffered or incurred by the Indemnified Party, the whole as of the date that the Indemnified Party first demands to be indemnified for any such Losses, together with interest thereon from the aforesaid date until payment in full at the rate per annum equal to the Prime Rate.
- 8.4 **Notification.** Promptly, upon obtaining knowledge thereof, the Indemnified Party shall notify the Indemnifying Party in writing (the “**Notice of Claim**”) of any cause which the Indemnified Party has determined has given or could give rise to indemnification under this Article 8.0. Subject to Section 8.8, the omission to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any duty to indemnify and hold harmless which otherwise might exist with respect to such cause unless (and only to that extent) the omission to notify materially prejudices the ability of the Indemnifying Party to exercise its right to defend provided in this Article 8.0.
- 8.5 **Defense of Third Party Claim.** If any legal proceeding shall be instituted or any claim or demand shall be asserted by a third party against the Indemnified Party (each a “**Third Party Claim**”), then the Indemnifying Party shall have the right, after receipt of the Indemnified Party’s notice under Section 8.4 and upon giving notice to the Indemnified Party within ten (10) calendar days of such receipt, to defend the Third Party Claim at its own cost and expense with counsel of its own selection provided that:
- (a) the Indemnified Party shall, at all times, have the right to fully participate in the defense at its own expense;
 - (b) the Third Party Claim seeks only monetary damages and does not seek any injunctive or other relief against the Indemnified Party;
 - (c) the Indemnifying Party unconditionally acknowledges, in writing, its obligation to indemnify and hold the Indemnified Party harmless with respect to the Third Party Claim; and
 - (d) legal counsel chosen by the Indemnifying Party is satisfactory to the Indemnified Party, acting reasonably.

Amounts payable by the Indemnifying Party pursuant to a Third Party Claim shall be paid in accordance with the terms of the settlement or the judgment, as applicable, but, in any event, prior to the expiry of any delay for a judgment to become executory.

8.6 **No Compromise.** The Indemnifying Party shall not be permitted to compromise and settle or to cause a compromise and settlement of any Third Party Claim without the prior written consent of the Indemnified Party, unless:

- (a) the terms of the compromise and settlement require only the payment of money and do not require the Indemnified Party or the Company to admit any wrongdoing or take or refrain from taking any action; and
- (b) the Indemnified Party receives, as part of the compromise and settlement, a legally binding and enforceable unconditional satisfaction or release, which is in form and substance satisfactory to the Indemnified Party, acting reasonably, from any and all obligations or liabilities it may have with respect to the Third Party Claim.

8.7 **Monetary Limitation on Indemnification.**

- (a) An Indemnifying Party shall have no liability for indemnification under to this Agreement unless and only to the extent that the accumulated aggregate amount of Losses of an Indemnified Party exceeds Ten Thousand Dollars (\$10,000), in which case such Indemnified Party shall, subject to Section 8.7(b), be entitled to recover the entire accumulated aggregate amount of Losses.
- (b) Notwithstanding any other provision of this Agreement, the Parties agree that the maximum aggregate liability of an Indemnifying Party to indemnify all Indemnified Parties under this Agreement shall be equal to Two Hundred and Fifty-Thousand Dollars (\$250,000).

8.8 **Time Limits on Indemnification.** No Losses may be recovered from an Indemnifying Party under this Agreement unless a Notice of Claim has been delivered by an Indemnified Party to the Indemnifying Party on or before the date that is eighteen (18) months after Closing Date. Unless a Notice of Claim has been given by an Indemnified Party to an Indemnifying Party on or before the date that is eighteen (18) months after Closing Date, such Indemnifying Party shall be released on such date from all obligations to indemnify an Indemnified Party under this Agreement.

9.0 **TERMINATION**

9.1 **Notice Provisions.** Each Party shall give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Closing, of any event or state of facts which occurrence or failure would, or would be likely to:

- (a) cause any of the representations or warranties of such Party contained in this Agreement or in any certificate or other document delivered or given pursuant

to this Agreement to be untrue or inaccurate, as the case may be, on the date hereof or on the Closing Date; or

- (b) result in the failure to comply with or satisfy any covenant, agreement or obligation to be complied with or satisfied by such Party hereunder on or prior to the Closing Date.

9.2 **Right to Cure.** Neither the Purchaser nor the Vendor may exercise its right to terminate this Agreement pursuant to Section 9.4(c) or 9.4(d)(ii), as the case may be, unless the Party seeking to terminate this Agreement shall have delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is reasonably capable of being cured, no Party may exercise such termination right until the earlier of (i) the Outside Date, and (ii) the date that is ten (10) days following the date of receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date.

9.3 **Further Notice.** Each Party shall give prompt notice to the other Parties of (i) any communication from any person alleging that the Consent of such person (or another person) is or may be required in connection with the transactions contemplated by this Agreement (and the response thereto from such Party, its Affiliates or its Representatives), and (ii) any legal actions threatened or commenced against or otherwise affecting such Party or any of its Affiliates that are related to the transactions contemplated by this Agreement.

9.4 **Grounds for Termination.** This Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written agreement of the Parties; or
- (b) by either the Vendor or the Purchaser, if the Closing shall not have occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Section 9.4(b) shall not be available to any Party whose failure to fulfil any of its obligations or whose breach of any of its representations or warranties has been the cause of, or resulted in, the failure of the Closing to occur by the Outside Date; or
- (c) by the Purchaser, if any of the conditions set forth in Sections 6.1 or 6.2 is not, or becomes reasonably incapable of being, satisfied prior to the Outside Date; or

- (d) by the Vendor, if:
 - (i) pursuant to Section 5.6(c), subject to the payment of the Termination Fee, the Vendor enters into a written agreement concerning a Superior Proposal; or
 - (ii) any of the conditions set forth in Sections 6.1 or 6.4 is not, or becomes reasonably incapable of being, satisfied prior to the Outside Date;

9.5 **Notice of Termination.** The Party desiring to terminate this Agreement pursuant to Section 9.4 (other than pursuant to Section 9.4(a)) shall give notice of such termination to the other Parties.

9.6 **Effect of Termination.** If this Agreement is terminated by a Party pursuant to Section 9.4:

- (a) subject to Section 9.6(b), all further obligations of the Parties under this Agreement shall terminate, except for the obligations under Article 8.0 and under this Article 9.0, which shall survive such termination; and
- (b) if the right to terminate arose because of a breach of this Agreement by any of the other Parties, then such other Parties shall remain fully liable for any and all Losses sustained or incurred by the terminating Party directly or indirectly as a result thereof.

10.0 MISCELLANEOUS

10.1 **Guaranty.** The Guarantor acknowledges having taken cognizance of the terms, conditions, representations, warranties, covenants and indemnities made by the Purchaser in this Agreement and by which the Purchaser is bound and hereby solidarily guarantees, without the benefit of discussion or division, the timely performance by the Purchaser of all such terms, conditions, representations, warranties, covenants and indemnities pursuant to this Agreement and all other agreements to be executed by the Purchaser in connection herewith.

10.2 **Announcements.** Any press release, public announcement or publicity with respect to the transaction contemplated in this Agreement shall be made only with the prior written consent of the Parties unless such release, announcement or publicity is required by Law, in which case the Party required to make such release, announcement or publicity shall use its reasonable best efforts to obtain approval of the other Party to the form, nature and extend of such disclosure, which approval shall not be unreasonably withheld or unduly delayed.

10.3 **Further Assurances.** Each Party, upon the request of the other, whether at or after the Closing, shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered, all such further acts, deeds, documents, assignments,

transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect complete consummation of the transactions contemplated by this Agreement.

- 10.4 **Successors in Interest.** This Agreement and the provisions hereof shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns. The Vendor may not assign this Agreement or any of its rights and obligations hereunder without the prior written consent of the Purchaser. The Purchaser may assign this Agreement and all of the Purchaser's rights and obligations hereunder to an Affiliate provided, however, that such assignment shall not relieve the Purchaser of its obligations hereunder.
- 10.5 **Notices.** Any notice, consent, authorization, direction or other communication required or permitted to be given hereunder shall be in writing and shall be delivered either by personal delivery, by telecopier or other means of electronic communication and addressed as follows:

in the case of the Vendor, to it at:

Saratoga Electronic Solutions Inc.
2975 Hochelaga
Montreal, Québec
H1W 1G1

Attention: Georges A. Durst

Telecopier: 514-798-2245

Email: g.a.durst@saratogamedia.com

in the case of the Purchaser, to it at:

7999291 Canada Inc.
1589 Adoncour
Longueuil, Québec
J4J 5L5

Attention: Luc Charlebois

Telecopier:

Email: lcharlebois@car-tel.net

in the case of the Guarantor, to him at:

1589 Adoncour
Longueuil, Québec
J4J 5L5

Telecopier:

Email: lcharlebois@car-tel.net

Any notice, consent, authorization, direction or other communication delivered as aforesaid shall be deemed to have been effectively delivered and received, if sent by telecopier or other means of electronic communication on the calendar day next following receipt of such transmission or, if delivered, to have been delivered and received on the date of such delivery provided, however, that if such date is not a Business Day, then it shall be deemed to have been delivered and received on the Business Day next following such delivery. Either Party may change its address for service by notice delivered as aforesaid.

- 10.6 **Expenses.** The Vendor shall bear and pay all costs, expenses and fees (including, without limitation, legal counsel and accounting fees and disbursements) incurred by the Vendor and the Company in connection with the preparation, execution and consummation of this Agreement and the transactions contemplated hereby. The Purchaser shall bear and pay all costs, expenses and fees (including, without limitation, legal counsel and accounting fees and disbursements) incurred by it in connection with the preparation, execution and consummation of this Agreement and the transactions contemplated hereby.
- 10.7 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by facsimile or other electronic transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.
- 10.8 **Severability.** Any Article, Section, Subsection or other subdivision of this Agreement or any other provision of this Agreement which is, or becomes, illegal, invalid or unenforceable shall be severed herefrom and shall be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining provisions hereof, which provisions shall: (i) be severed from any illegal, invalid or unenforceable Article, Section, Subsection or other subdivision of this Agreement or any other provision of this Agreement; and (ii) otherwise remain in full force and effect.
- 10.9 **Governing Law.** This Agreement shall be governed by and interpreted and construed in accordance with the laws presently in force in the Province of Québec.

- 10.10 **Entire Agreement.** This Agreement, including the Schedules and Exhibits, constitutes the entire Agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions of the Parties, including, without limitation, the offer to purchase shares dated July 29, 2011 addressed by the Guarantor to the Vendor.
- 10.11 **Inconsistency.** This Agreement shall override the Schedules annexed hereto to the extent of any inconsistency.
- 10.12 **Gender.** Any reference in this Agreement to any gender shall include both genders and the neuter and words herein importing the singular number only shall include the plural and *vice versa*.
- 10.13 **Actions on Non-Business Days.** If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.
- 10.14 **Currency.** All of the dollar amounts mentioned in this Agreement, the Schedules or the Exhibits annexed hereto are in Canadian funds.
- 10.15 **Headings.** The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation hereof.
- 10.16 **Amendment.** No amendment shall be binding unless expressly provided in an instrument duly executed by the Parties.
- 10.17 **Waiver.** A waiver of any default, breach or non-compliance under this Agreement shall not be effective unless in writing and signed by the Party to be bound by the waiver. No waiver shall be inferred from or implied by any failure to act or delay in acting by a Party in respect of any default, breach or non-observance or by anything done or omitted to be done by the other Party. The waiver by a Party of any default, breach or non-compliance under this Agreement shall not operate as a waiver of that Party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance (whether of the same or any other nature).
- 10.18 **Language.** The Parties confirm that it is their wish that this Agreement and any other documents delivered or given pursuant to this Agreement, including notices, have been and shall be in the English language only. *Les parties aux présentes confirment leur volonté que cette convention, de même que tous les documents, y compris tout avis, s'y rattachant, soient rédigés en anglais seulement.*

[Signature page follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date and at the place first referred to hereinabove.

SARATOGA ELECTRONIC SOLUTIONS INC.

By: (s) Donald W. Seal, Q.C

Title: Chairman of the board of Directors

7999291 CANADA INC.

By: (s) Luc Charlebois

Title: Director

(s) Luc Charlebois

LUC CHARLEBOIS

SCHEDULE 3.1(a)

CONSENTS AND REGULATORY APPROVALS

Consents:

- Consent of the holders of common shares of the Vendor, other than Georges A. Durst and the Guarantor;
- Consent of Saratoga Leasing Corporation Inc.;
- Consent of Saratoga Multi-Média Inc.; and
- Consent of Link Productions Inc.

Regulatory Approvals:

- Approval of the Exchange.

SCHEDULE 3.1(i)

TITLE TO PROPERTY

The Company has granted a Lien charging the universality of all its claims in favour of Link Productions Inc. and Saratoga Multi-Média inc. to secure the Related Party Indebtedness.

The Company has granted a Lien charging the point-of-sale machines purchased from Saratoga Leasing Corporation Inc. to secure the Saratoga Leasing Indebteness.