

## ESCROW AGREEMENT

THIS AGREEMENT is dated for reference the 31<sup>st</sup> day of January, 2011

**AMONG:**

**PACIFIC THERAPEUTICS LTD.**, a corporation incorporated under the laws of British Columbia having a place of business at 409 Granville Street, Suite 1023, Vancouver, British Columbia V6C 1T2

("PT")

**AND:**

**THE PARTIES NAMED AS PURCHASERS ON SCHEDULE "A"**

(the "Purchasers")

**AND:**

**FASKEN MARTINEAU DUMOULIN LLP**, a Law Firm, having an office at 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3

("Escrow Agent")

**WHEREAS:**

- A. PT and the Purchasers have entered into a Subscription Agreement (the "**Subscription Agreement**") dated as of January 31, 2011 under which the Purchasers have agreed to irrevocably advance certain funds (the "**Investment**") that may be used to subscribe for Class A Common shares in the capital of PT (the "**Securities**"); and
- B. PT and the Purchasers have agreed all of the funds payable to PT under the Subscription Agreement shall be paid in trust to the Escrow Agent for release to PT in accordance with the instructions set out in a duly executed Draw Down Notice, a form of which is attached as Schedule "B" to this Agreement, provided by the Corporation to the Escrow Agent.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises, the Investment and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereby agree as follows:

1. **Appointment of Escrow Agent.** PT and the Purchasers hereby appoint the Escrow Agent to act as escrow agent under this Agreement, and the Escrow Agent hereby accepts such appointment, on the terms and conditions contained herein.
2. **Delivery of Escrow Funds.** The Purchasers will deliver to the Escrow Agent the full amount of the Investment under the Subscription Agreement. All such funds delivered to the Escrow Agent are referred to as the "**Escrow Funds**".

3. **Holding of Escrow Funds.** The Escrow Agent agrees that the Escrow Funds will be held in trust in a Canadian dollar interest bearing account and will only be released by it from time to time in accordance with the provisions of this Agreement.
4. **Release of Escrow Funds.** The Escrow Agent shall only release the Escrow Funds upon and in accordance with a duly executed Draw Down Notice, in the form attached as Schedule "B" to this Escrow Agreement. In the event that the Subscription Agreement is terminated, the remaining Escrow Funds will be released to the Purchasers in accordance with the terms thereof.
5. **Expiration of Agreement.** Notwithstanding any of the provisions hereof, this Agreement shall automatically terminate on such date as all of the Escrow Funds have been released to PT or the Purchasers, as the case may be.
6. **Payment of Escrow Agent's Fees.** PT shall pay from time to time the reasonable fees and expenses of the Escrow Agent, including the fees of its counsel if necessary, in connection with the performance of its duties under this Agreement.
7. **Instructions to Escrow Agent.** Any notice, certificate or direction of PT delivered to the Escrow Agent must only be signed by one officer or representative. The Escrow Agent may rely on the notice, certificate or direction delivered to it under this Agreement without the need for independent investigation.
8. **Liability of Escrow Agent and Indemnity.**
  - (a) It is agreed that the Escrow Agent shall have no liability to either PT or the Purchasers, for any step or action taken in accordance with this Agreement; in the performance of its responsibilities hereunder, the Escrow Agent shall have no liability for such performance except where it has been negligent in the performance of the same.
  - (b) PT hereby agrees to indemnify the Escrow Agent and its employees, officers, directors and agents against and hold them harmless from all expenses, liabilities, claims and demands (including, without limitation, legal fees and expenses) arising out of the holding of the Escrow Funds hereunder or anything lawfully done hereunder, except for negligence, wilful misconduct or lack of good faith of the Escrow Agent. This indemnity shall survive the termination of this Agreement and the resignation of the Escrow Agent.
  - (c) In the event of a dispute between the parties concerning their respective rights and obligations under this Agreement, the Escrow Agent shall be entitled to interplead such dispute in a court of competent jurisdiction in Vancouver, British Columbia. The Escrow Agent shall be entitled to comply with the order of any court of competent jurisdiction in British Columbia in relation to the holding or disposition of the Escrow Funds, and shall not be liable in any way to either PT or the Purchasers as a result of such compliance.
9. **Replacement of Escrow Agent.** The Escrow Agent may resign and be discharged from all further duties and liabilities hereunder by giving PT and the Purchasers not less than 45 days'

prior notice in writing or such shorter prior notice as such parties may accept as sufficient. PT and the Purchasers, collectively, shall have power at any time to remove the existing Escrow Agent and to appoint a new escrow agent. In the event of the Escrow Agent resigning or being removed as aforesaid or otherwise becoming incapable of acting hereunder, PT shall forthwith appoint a new escrow agent acceptable to the Purchasers, acting reasonably.

10. **Enurement.** This Agreement shall enure to the benefit of and shall be binding upon the parties and their respective heirs, executors, administrators, successors and assigns.

11. **Headings and Division.** The division of this Agreement into paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the interpretation of this Agreement.

12. **Further Assurances.** The parties shall execute and deliver such further documents and instruments and shall do such further acts and things as may be reasonably be required to carry out the intent and meaning of this Agreement.

13. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

14. **Time of Essence.** Time shall be of the essence of this Agreement in all respects.

*<rest of this page left intentionally blank>*

15. **Counterparts.** This Agreement may be executed in several counterparts (including by fax), each of which when so executed shall be deemed to be an original and shall have the same force and effect as an original but such counterparts together shall constitute but one and the same instrument.

**IN WITNESS WHEREOF** the parties have signed, sealed and delivered this agreement as of the date first written above.

**PACIFIC THERAPEUTICS LTD.**

Per: [Signature]  
Authorized Signatory

[Signature]  
~~BOB ANDERSON~~

[Signature]  
~~TRICK SINGH~~

[Signature]  
~~ROBERT UNWIN~~

[Signature]  
~~DOUG WALL~~

[Signature]  
~~BRUCE ANDERSON~~

[Signature]  
~~HAROLD KENTONSON~~

~~INTERMEDIATE INVESTMENTS LTD~~

Per: [Signature]  
Authorized Signatory

~~MONTROY HOLDING LTD~~

Per: [Signature]  
Authorized Signatory

**FASKEN MARTINEAU DUMOULIN LLP**

Per: [Signature]  
Authorized Signatory (Partner)

**SCHEDULE "A"**

**Purchasers' Names**

~~Doug Anderson~~

~~Derick Sinclair~~

~~Robert Unwin~~

~~Doug Wallis~~

~~Harold Kettle son~~

~~Hunter McLeod Investments Ltd~~

~~Montroy Holdings Ltd~~

~~Bruce Anderson~~

**SCHEDULE "B"**

DRAW DOWN NOTICE

Made in relation to the Subscription Agreement among Pacific Therapeutics Ltd. and the Purchasers dated January 31, 2011 (the "Agreement")

*Words and expressions defined in the Agreement shall bear the same meanings in this notice and the terms and conditions contained in the Agreement are hereby incorporated by reference into, and deemed to be a part of, this notice.*

1. In accordance with the terms and conditions of the Agreement, the undersigned hereby notifies you that it wishes to make a Draw Down against the Investment Amount and will require you to purchase Securities as follows:

(a) Draw Down Amount	\$
(b) Market Price applicable to this Notice	\$
(c) Number of Securities to be issued	Class A Common shares

2. We hereby confirm that the conditions required to issue this Draw Down Notice as set forth in the Agreement have been satisfied on or before the date of this notice or have been waived.

3. We confirm that we have delivered a duly executed copy of this Draw Down Notice to the Escrow Agent and directed the Escrow Agent to release the Draw Down Amount as set forth in section 1(a) of this Draw Down Notice to us by way of a certified cheque, bank draft or wire transfer.

4. We confirm that this Draw Down should be processed on the basis set out in the Agreement and that certificates have been issued to you as set forth in section 1(c) of this Notice and will be delivered to you in accordance with the delivery instructions set forth in Schedule A to the Subscription Agreement.

**PACIFIC THERAPEUTICS LTD.**

Per: \_\_\_\_\_  
Authorized Signatory


15. Counterparts. This Agreement may be executed in several counterparts (including by fax), each of which when so executed shall be deemed to be an original and shall have the same force and effect as an original but such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF the parties have signed, sealed and delivered this agreement as of the date first written above.

PACIFIC THERAPEUTICS LTD.

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_

  
\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

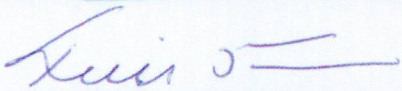
\_\_\_\_\_

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_

Per: \_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_

Per:   
Authorized Signatory (Partner)