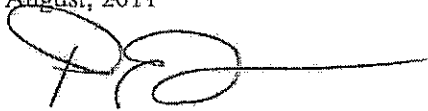


This is **Exhibit "B"** referred to  
in the Affidavit of **AL HILDEBRANDT**  
sworn before me this 29th day of  
August, 2011

A handwritten signature in black ink, consisting of a stylized 'A' followed by a long horizontal line.

A Commissioner for taking affidavits, etc.

## ASSIGNMENT OF SECURED DEBENTURES

Assignment of Secured Debentures dated July 25, 2011 made among WF Fund III Limited Partnership, carrying on business as Wellington Financial LP and Wellington Financial Fund III (the "Lender") and 2293035 Ontario Limited (the "Assignee").

### RECITALS:

- (a) Healthscreen Solutions Incorporated (the "**Borrower**") is indebted and liable to the Lender pursuant to (i) a secured debenture dated May 15, 2008, as amended by an amending agreement dated as of November 3, 2008, and as amended by a waiver and amending agreement dated as of April 7, 2009 and as amended by an amending agreement dated as of May 19, 2009 and as amended by a waiver and amending agreement dated as of February 2010 (such secured debenture as it may at any time or from time to time be amended, supplemented, restated or replaced, the "**Series A Secured Debenture**"), and (ii) a secured debenture dated April 7, 2009, as amended by an amending agreement dated as of May 19, 2009 and as amended by a waiver and amending agreement dated as of February 2010 (such secured debenture as it may at any time or from time to time be amended, supplemented, restated or replaced, the "**Series B Secured Debenture**", and, together with the Series A Secured Debenture, the "**Secured Debentures**");
- (b) Certain affiliates of the Borrower (collectively, the "**Guarantors**") have guaranteed the payment and performance of the obligations of the Borrower to the Lender; and
- (c) The Lender has agreed to assign to the Assignee the full benefit of the Secured Debentures and the Assignee has agreed to assume liability for the performance of the obligations of the Lender under the Secured Debentures.

In consideration of the mutual covenants contained in this assignment and the payment by the Assignee to the Lender by wire transfer, certified cheque or bank draft of immediately available funds in the amount shown under the heading "**Amount Paid**" in Schedule "A", being an amount equal to the amount (the "**Amount Outstanding**") owing to the Lender under or in connection with the Secured Debentures at 12:01 a.m. (Toronto time) on this date, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

## **Section 1     Defined Terms.**

Capitalized terms used in this assignment without definition have the meanings specified in the Secured Debentures.

## **Section 2     Assignment.**

Subject to the next sentence, the Lender hereby sells, transfers and assigns to the Assignee as and from 12:01 a.m. (Toronto time) on this date all the Lender's right, title and interest in and to the Secured Debentures and the security and other documents (collectively with the Secured Debentures, the "**Debenture Documents**") executed and delivered to the Lender by the Borrower and the Guarantors (whether alone or together with another or others) under, pursuant to, as security for, or otherwise in connection with, the Secured Debentures, including, without limitation, (i) the Amount Outstanding, (ii) all security (the "**Security**") given by the Borrower to the Lender pursuant to the Secured Debentures and more particularly described in Schedule "B", and (iii) the guarantees given by the Guarantors to the Lender pursuant to the Secured Debentures and all security for the guarantees (collectively, the "**Guarantees and Guarantee Security**") all as more particularly described in Schedule "C". The Lender shall retain all of its rights and benefits under Section 5.1(v) of the Series A Secured Debenture and Section 5.1(u) of the Series B Secured Debenture in respect of all matters arising at any time prior to or after the effective date of this assignment.

## **Section 3     Assumption.**

The Assignee acknowledges and expressly assumes in the place and stead of the Lender all of its obligations and liabilities under the Secured Debentures as and from 12:01 a.m. (Toronto time) on this date and agrees to perform all the terms, conditions and agreements on its part to be performed as lender under the Secured Debentures and the other Debenture Documents.

## **Section 4     Lender's Representations and Warranties.**

The Lender represents and warrants to the Assignee that it has full power and authority and the right to assign all of its right, title and interest in and to the Secured Debentures and the other Debenture Documents, including without limitation, the Amount Outstanding, the Security and the Guarantees and Guarantee Security. The Lender also represents and warrants to the Assignee that the Amount Outstanding is accurately described and calculated in Schedule "A" hereto and the amount stated therein is outstanding and due and owing by the Borrower to the Lender as at the date thereof. The Lender also represents and warrants to the Assignee that it has not executed and delivered any document which was intended by the Lender to operate so as to sell, transfer, assign, alienate, release, discharge or encumber all or any portion of the Secured Debentures, Debenture Documents including without limitation, the Amount Outstanding, the Security and the Guarantees and Guarantee Security.

### **Section 5 Assignee's Acknowledgments.**

The Assignee acknowledges and agrees that (i) it has received a copy of the Secured Debentures and the other Debenture Documents, (ii) the Lender is selling and assigning the Secured Debentures and the Debenture Documents on an as is, where is basis without representations or warranties of any kind (other than those representations and warranties contained in this Agreement), (iii) it has, independently and without reliance upon the Lender (other than those representations and warranties contained in this assignment) and on the basis of such documents and information as it deems appropriate, made its own credit decision regarding this assignment. Except for documents referred to in (i) above which the Assignee has already received, the Lender shall have no duty to provide the Assignee with any credit or other information concerning the affairs, financial condition or business of the Borrower or any of the Guarantors.

### **Section 6 Further Assurances.**

Each of the parties shall (i) promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as any other party may reasonably require from time to time for the purpose of giving effect to this assignment, and (ii) use its best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this assignment.

### **Section 7 Enurement.**

This assignment shall enure to the benefit of and be binding upon the parties to this assignment and their respective successors and assigns.

### **Section 8 Governing Law.**

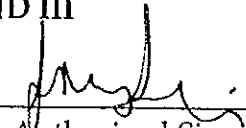
This assignment shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### **Section 9 Counterparts.**

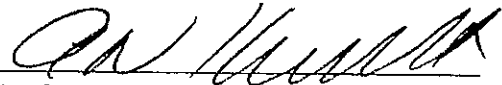
This assignment may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this agreement.

WF FUND III LIMITED  
PARTNERSHIP, carrying on business  
as WELLINGTON FINANCIAL LP  
AND WELLINGTON FINANCIAL  
FUND III

By:   
Authorized Signing Officer

2293035 ONTARIO LIMITED

By:   
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

**SCHEDULE "A"**  
**THE ASSIGNED LOANS**

<u>Amount Outstanding</u>	<u>Amount Paid</u>
\$5,107,206.27 as of July 25, 2011 and per- diem interest of \$1759.92.	\$5,107,206.27

**SCHEDULE "B"**  
**SECURITY GIVEN BY BORROWER**

1. General Security Agreement dated May 15, 2008 granted by Healthscreen Solutions Incorporated in favour of WF Fund III Limited Partnership.
2. Confirmation of Security Interests in Intellectual Property dated May 15, 2008 granted by Healthscreen Solutions Incorporated in favour of WF Fund III Limited Partnership.
3. Acknowledgment, Agreement and Confirmation of the Corporation and the Guarantor dated April 7, 2009 granted by Healthscreen Solutions Incorporated and Medical Telecom Corporation in favour of WF Fund III Limited Partnership.

**SCHEDULE "C"**  
**GUARANTEES AND GUARANTEE SECURITY**

1. Guarantee dated May 15, 2008 granted by Medical Telecom Corporation in favour of WF Fund III Limited Partnership.
2. General Security Agreement dated May 15, 2008 granted by Medical Telecom Corporation in favour of WF Fund III Limited Partnership.
3. Guarantee dated May 15, 2008 granted by 1589681 Ontario Limited in favour of WF Fund III Limited Partnership.
4. General Security Agreement dated May 15, 2008 granted by 1589681 Ontario Limited in favour of WF Fund III Limited Partnership.
5. Acknowledgment, Agreement and Confirmation of the Corporation and the Guarantor dated April 7, 2009 granted by Healthscreen Solutions Incorporated and Medical Telecom Corporation in favour of WF Fund III Limited Partnership.





UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) MAY 15, 2008, AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

## DEBENTURE

### HEALTHSCREEN SOLUTIONS INCORPORATED Series A Secured Debentures

Issued to: **WF FUND III LIMITED PARTNERSHIP**, carrying on business as **WELLINGTON FINANCIAL LP** and **WELLINGTON FINANCIAL FUND III**

Issued by: **HEALTHSCREEN SOLUTIONS INCORPORATED.**

**\$4,250,000 (Cdn).**  
(Aggregate Principal Amount)

## ARTICLE 1 PROMISE TO PAY

### Section 1.1 Promise to Pay

**HEALTHSCREEN SOLUTIONS INCORPORATED** (the "Corporation"), a corporation incorporated under the laws of Ontario and having its chief executive office at 80 Bloor St. W, Suite 1101, Toronto, Ontario, M5S 2V1, for value received, hereby promises to pay to or to the order of **WF FUND III LIMITED PARTNERSHIP**, carrying on business as **WELLINGTON FINANCIAL LP** and **WELLINGTON FINANCIAL FUND III**, its successors and permitted assigns (the "Holder"), at 161 Bay Street, Suite 2520, Toronto, Ontario M5J 2S1 or at such other place as the Holder may direct at any time and from time to time, the amount of \$4,250,000 (Cdn.) on the Maturity Date (as hereinafter defined) (or such other date as amounts owing hereunder may become due and payable in accordance with the terms hereof) and to pay interest, calculated annually and payable in cash monthly (in arrears), on the last day of each month (beginning on May 31, 2008) on the principal amount outstanding and on all other amounts now or hereafter owing hereunder (including accrued and unpaid interest), at the rate of 12.75% per annum (calculated annually and not in advance) until and including the Maturity Date (or such other date as amounts owing hereunder may become due and payable in accordance with the terms hereof). Upon the occurrence of any Event of Default and thereafter, interest shall be calculated on the principal amount outstanding and all other amounts now and hereafter payable hereunder (including accrued and unpaid

interest) at the rate of 20% per annum as a reasonable pre-estimate of damages and not as a penalty. The principal amount owing from time to time, any interest payable thereon and all other amounts now or hereafter payable hereunder, and at any time outstanding hereunder, including, without limitation, all amounts owing under the Special Warrant (as hereinafter defined), shall be referred to herein as the "Obligations".

#### **Section 1.2      Transfer and Assignment**

The Holder may, at any time, transfer and assign this Debenture to any person, provided that: (i) the Holder notifies the Corporation of such transferee's name and address; and (ii) any such transfer is effected in compliance with applicable Securities Laws. The terms and conditions of this Debenture shall enure to the benefit of and be binding upon the Holder's successors and permitted assigns. Prior to an Event of Default, the Holder may, with the prior written consent of the Corporation (such consent not to be unreasonably withheld), disclose to potential or actual transferees or assignees any confidential information regarding the Corporation and the Subsidiary (including, any such information provided by the Corporation to the Holder), subject to such reasonable confidentiality restrictions as the Corporation may require, and shall not be liable for any such disclosure. For greater certainty, no such consent of the Corporation will be necessary to disclose such confidential information upon the occurrence and during the continuance of an Event of Default.

### **ARTICLE 2 INTERPRETATION**

#### **Section 2.1      Definitions**

In this Debenture:

- (a) "1589681" means 1589681 Ontario Limited;
- (b) "BDC Term Loan" means the loans under the letter of offer of credit with the Business Development Bank of Canada in the amount of \$115,241.25 dollars dated as of May 6, 2004 and maturing on July 23, 2009;
- (c) "Bookings" means any sales of products or services by the Corporation that have been invoiced by the Corporation;
- (d) "Business Day" means a day other than a Saturday, Sunday or any other day on which the principal commercial banks located in the City of Toronto, Province of Ontario are not open for business during normal banking hours;

- (e) **"Budget"** means the budget of the Corporation adopted by the Corporation's board of directors for the given period;
- (f) **"Cash Balance"** means the aggregate value of cash balances or Cash Equivalents in bank accounts maintain by the Corporation, that are not used to secure Debt (other than the Obligations);
- (g) **"Cash Equivalents"** means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the federal government of Canada or (ii) issued by any agency of the federal government of Canada, the obligations of which are fully backed by the full faith and credit of the federal government of Canada, (b) any readily-marketable direct obligations issued by any other agency of the federal government of Canada, any province of Canada or any political subdivision of any such state or any public instrumentality thereof, in each case having a rating of at least "A-1" from S&P or at least "P-1" from Moody's, (c) any commercial paper rated at least "A-1" by S&P or "P-1" by Moody's and issued by any Person organized under the laws of any province of Canada, (d) any dollar denominated time deposit, insured certificate of deposit, overnight bank deposit or bankers' acceptance issued or accepted by any commercial bank that is a Schedule I, Schedule II or Schedule III bank under the *Bank Act* (Canada);
- (h) **"Change of Control"** means (a) any sale of all or substantially all of the assets of the Corporation; (b) any merger or other business consolidation in which the current shareholders of the Corporation do not own more than 50% of the surviving entity; or (c) the acquisition by a purchaser or group of purchasers who are not current shareholders (or related to any existing shareholder) at the time of such acquisition of securities exchangeable for or convertible into voting securities of the Corporation resulting in the purchaser(s) of such securities owning more than 50% of all of the outstanding voting securities of the Corporation on a fully diluted basis; (d) the disposition, whether by way of sale, transfer, license (except to a third party end-user in the ordinary course of business where such end user is not a competitor of the Corporation) or otherwise of any "Software" as defined in the Source Code Escrow Agreement, including any module thereof; or (e) any Person or group of Persons, other than those existing shareholders as of the date hereof, gaining effective control of the board of directors of the Corporation;
- (i) **"Corporation"** has the meaning attributed thereto in Section 1.1;

- (j) **"Date of Prepayment"** means a date specified in a written notice given by the Corporation to the Holder pursuant to Section 3.2;
- (k) **"Debenture", "hereto", "herein", "hereof", "hereby", "hereunder"**, and any similar expressions refer to this Series A secured debenture of the Corporation and the schedules attached hereto and not to any particular article, Section or other portion hereof, and include any and every instrument supplemental hereto or amending any part hereof;
- (l) **"Debt"** of the Corporation means, without duplication:
  - (i) all indebtedness of the Corporation for or in respect of borrowed money, credit or other financial accommodation, including liabilities and obligations (whether contingent or otherwise) with respect to letters of credit, letters of guarantee, bankers' acceptances or similar instruments issued or accepted by banks and other financial institutions for the account of the Corporation;
  - (ii) all indebtedness of the Corporation for or in respect of the purchase or acquisition price of property or services, whether or not recourse is limited to the repossession and sale of any such property;
  - (iii) all obligations under any lease entered into by the Corporation as lessee which would be classified as a capital lease in accordance with GAAP;
  - (iv) all obligations of the Corporation to purchase, redeem, retract or otherwise acquire any securities issued by the Corporation; and
  - (v) all Debt (as hereinbefore defined) or any other debt which is directly or indirectly guaranteed by the Corporation or which the Corporation has agreed to purchase or otherwise acquire or in respect of which the Corporation has otherwise assured a creditor against loss;but **"Debt"** shall not include unsecured trade debt incurred in the ordinary course of business consistent with past practice, nor any contingent liabilities in connection with contracts entered into in the ordinary course of business;
- (m) **"EBITDA"** means earnings before interest, taxes, depreciation and amortization, plus any non-cash stock-based compensation reducing

earnings and less any capitalized software development during the period, each item as determined in accordance with GAAP;

- (n) **"Event of Default"** has the meaning attributed thereto in Section 6.1;
- (o) **"GAAP"** means, at any time, the generally accepted accounting principles in Canada, applied on a consistent basis, and statements and interpretations (if applicable) issued by the Canadian Institute of Chartered Accountants or any successor body in effect from time to time;
- (p) **"Holder"** has the meaning attributed thereto in Section 1.1;
- (q) **"Lien"** means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property;
- (r) **"Material Agreements"** has the meaning attributed thereto in Section 5.1(m);
- (s) **"Maturity Date"** means the earlier of:
  - (i) such date which is twenty-four (24) months following the Closing Date; and
  - (ii) the date that is contemporaneous with a Change of Control;
- (a) **"MTC"** means Medical Telecom Corp.;
- (t) **"Obligations"** has the meaning attributed thereto in Section 1.1;
- (u) **"Permitted Debt"** means this Debenture, the BDC Term Loan, the TD Term Loan, the RBC Credit Card Facility, the indebtedness secured by Permitted Encumbrances, indebtedness due by any Subsidiary to the Corporation or among any of the Subsidiaries and the Corporation, accounts payable, accrued liabilities, income tax, deferred revenues, operating leases incurred in the ordinary course of business, consistent with past practice, and capital lease obligations incurred in the ordinary course of business (subject to a limit of \$300,000), consistent with past practice, and includes, without limitation, the Corporation's obligations under its existing and future real property leases;

- (v) **"Permitted Encumbrances"** has the meaning attributed thereto in Schedule "A" hereto;
- (w) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;
- (x) **"Purchase Warrants"** means the share purchase warrants of the Corporation issuable upon the exercise of the Special Warrant;
- (y) **"RBC Credit Card Facility"** means the business VISA to a maximum of fifty-five thousand (\$55,000) dollars pursuant to the Royal Bank of Canada Loan Agreement between the Corporation and the Royal Bank of Canada dated as of June 19, 2007;
- (z) **"RBC Overdraft Facility"** means the revolving demand facility in the amount of fifty thousand (\$50,000) dollars available by way of RBP (as defined therein) based loans, LCs (as defined therein) and/or LGs (as defined therein) pursuant to the Royal Bank of Canada Loan Agreement between the Corporation and the Royal Bank of Canada dated as of June 19, 2007;
- (aa) **"Secured Property"** has the meaning attributed thereto in Section 4.1;
- (bb) **"Security Documents"** has the meaning attributed thereto in Section 4.1;
- (cc) **"Source Code Escrow Agreement"** means the source code escrow agreement dated the date hereof among the Corporation, the Holder and LaBarge Weinstein Professional Corporation;
- (dd) **"Special Warrant"** means the special warrant issued to the Holder on the date hereof which entitles the Holder to acquire, without payment of any additional consideration, Purchase Warrants of the Corporation on the terms set out in the special warrant;
- (ee) **"Subscription Agreement"** means the subscription agreement dated the date hereof pursuant to which, *inter alia*, the Holder subscribed for this Debenture;
- (ff) **"Subsidiaries"** means MTC and 1589681;

- (gg) **"TD Term Loan"** means the term loan under the small business banking credit agreement with The Toronto-Dominion Bank in the amount of twenty thousand (\$20,000) dollars; and
- (hh) **"Transaction Documents"** means this Debenture, the Subscription Agreement, the Special Warrant, the Purchase Warrants and the Security Documents.

Other capitalized terms used herein which are not defined herein have the meanings attributed thereto in the Subscription Agreement.

## **Section 2.2 Headings**

The inclusion of headings in this Debenture is for convenience of reference only and shall not affect the construction or interpretation hereof.

## **Section 2.3 References to Sections**

Whenever in this Debenture a particular article, section or other portion thereof is referred to, such reference pertains to the particular article, section or portion thereof contained herein, unless otherwise indicated.

## **Section 2.4 Currency**

Except where otherwise expressly provided, all amounts in this Debenture are stated and shall be paid in Canadian currency.

## **Section 2.5 Gender and Number**

In this Debenture, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

## **Section 2.6 Invalidity of Provisions**

Each of the provisions contained in this Debenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

## **Section 2.7 Amendment or Waiver**

No amendment or waiver of this Debenture shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Debenture shall constitute a waiver of any other provision nor shall any waiver of any provision of this Debenture constitute a continuing waiver unless otherwise expressly provided.



### **Section 2.8     Governing Law; Attornment**

This Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Corporation, and, by its acceptance hereof, the Holder hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising under or relating to this Debenture.

### **Section 2.9     Non-Business Days**

If any date on which any payment is due or any action is required to be taken is not a Business Day, the date for payment or taking such action shall be the next Business Day following the date specified for such payment or action.

### **Section 2.10    Certain Phrases, etc.**

In this Debenture (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless otherwise specified, the words "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Debenture. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

## **ARTICLE 3 PAYMENT AND PREPAYMENT**

### **Section 3.1    Repayment**

Subject to Sections 3.2 and 3.3, the Obligations shall become due and payable by the Corporation on the Maturity Date and the Corporation shall repay the Obligations in cash to the Holder on the Maturity Date, or, upon agreement among the Corporation and the Holder, by conversion of this Debenture into another instrument acceptable to the Holder and the Corporation.

### **Section 3.2    Prepayment**

At any time following the Closing Date, the Corporation may prepay the outstanding Obligations under this Debenture in full or in part, provided that partial prepayments must be in the amount of \$500,000 or a (whole number) multiple thereof (the "Par Value"), and provided that any prepayments made by the Corporation (i) at any time following twelve (12) months from the Closing Date, shall be at a rate of 1.02 times the Par Value of the prepayment; and (ii) within twelve (12) months of the Closing Date shall be at a rate of 1.02 times the Par Value of the prepayment plus payment in full of any unpaid interest (whether accrued or not) that would have been otherwise payable during such twelve (12) month period

assuming no prepayment had occurred. No prepayment may be made unless a notice of repayment, specifying the Date of Prepayment and amount to be prepaid is delivered to the Holder not less than five (5) Business Days prior to the Date of Prepayment. The Par Value of any prepayment shall be applied first to any accrued but unpaid interest and second to reduce the principal amount due on the Maturity Date. For greater certainty, this Section 3.2 shall apply to any payments required to be made by the Corporation to the Holder upon a Change of Control or in the event of any acceleration of the amounts owing hereunder.

#### **ARTICLE 4 SECURITY**

##### **Section 4.1 Security in favour of the Holder**

As continuing security for the payment of the Obligations, the Corporation and any Subsidiary shall execute and deliver in favour of the Holder a general security agreement (together with the Source Code Escrow Agreement, the "Security Documents"), as further contemplated in the Subscription Agreement, granting the Holder a security interest in and to all undertakings, property and assets of the Corporation and any Subsidiary including any and all securities owned by the Corporation and any Subsidiary, in form and substance satisfactory to the Holder and its counsel (the "Secured Property"). In addition, the Holder shall have the continuing right to obtain, at its election, a mortgage creating on any real property of the Corporation or the Subsidiary a perfected lien on such real property as additional security for the payment of the Obligations.

#### **ARTICLE 5 COVENANTS OF THE CORPORATION**

##### **Section 5.1 General Covenants**

For as long as this Debenture remains outstanding, the Corporation declares, covenants and agrees as follows:

- (a) **Use of Proceeds.** The Corporation shall use the aggregate principal amount to fund acquisitions and for general corporate purposes.
- (b) **To Pay Principal and Interest.** The Corporation will duly and punctually pay the principal and interest accrued on this Debenture at the time and in the manner specified herein.
- (c) **Maintain Corporate Existence.** The Corporation shall (and shall cause the Subsidiary to) maintain its corporate existence, carry on and conduct its business in a proper and business-like manner, take all reasonable action to maintain all rights, privileges and franchises

necessary or desirable in the normal conduct of its business and comply with all applicable legal requirements.

- (d) **Delivery of Secured Property and Perfection.** The Corporation shall (and shall cause the Subsidiary to) effect such registrations and obtain such consents and give such other security, at the sole cost and expense of the Corporation, as may be required or desirable to preserve, protect or perfect the security interests to be created with respect to the Secured Property.
- (e) **No Encumbrances.** Neither the Corporation nor the Subsidiary shall create, assume or suffer to exist any Lien (other than Permitted Encumbrances), including, without limitation, any agreement to give any of the foregoing or any conditional sale or other title retention agreement, upon all or any part of the Secured Property. The Corporation will defend the Secured Property against, and will take such other action as is necessary to remove, any and all security interests on and claims in respect of the Secured Property other than the security interests created by the Security Documents and Permitted Encumbrances, and the Corporation will defend the right, title and interest of the Holder in and to the Secured Property against the claims and demands of all Persons.
- (f) **BDC Term Loan.** The Corporation shall not, at any time, permit the borrowing under the BDC Term Loan to exceed forty thousand (\$40,000) dollars.
- (g) **TD Term Loan.** The Corporation shall not, at any time, permit the borrowing under the TD Term Loan to exceed one thousand (\$1,000) dollars.
- (h) **RBC Credit Card Facility.** The Corporation shall not, at any time, permit the borrowing under the RBC Credit Card Facility to exceed fifty thousand (\$55,000) dollars.
- (i) **RBC Overdraft Facility.** The Corporation shall terminate and pay out in full all amounts owing, including without limitation all interest and other fees under the RBC Overdraft Facility within thirty (30) days of the date hereof.
- (j) **Operating Leases.** None of the Corporation or the Subsidiary will enter into or maintain operating leases (other than real property leases) such that the aggregate annual expenditure on such operating leases would be greater than the sum of (a) \$100,000 and (b) the aggregate

annual expenditure on any operating leases (other than real property leases) acquired by the Corporation or the Subsidiary as a result of any new acquisition of a business or company by the Corporation or the Subsidiary.

- (k) **Insurance.** The Corporation shall insure and keep insured its properties customarily insured by companies carrying on a similar business in similar locations, or owning or operating similar properties, against all risks, including but not limited to business interruption insurance.
- (l) **Non-arm's Length Transactions.** The Corporation shall not enter into any transaction with any officer, director, employee, shareholder or any Person not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)) or any affiliate of any of the foregoing, specifically excluding (a) any employment or option agreement, and (b) any transaction for which prior written evidence, satisfactory to the Holder, is provided that such transaction will be on terms equal to or greater than fair market value; and (c) any transactions described in the Corporation's management proxy circular dated February 26, 2008 for the Corporation's annual and special meeting of its shareholders to held on March 27, 2008.
- (m) **Subscription Agreement.** The Corporation shall observe each term, covenant and agreement contained in the Subscription Agreement, the Security Documents, the Special Warrant, and all of its material agreements listed on any schedule to the Subscription Agreement (collectively, the "**Material Agreements**").
- (n) **Certificate of Compliance.** The Corporation covenants that at any time if requested by the Holder, and at least on a monthly basis, the Corporation shall furnish to the Holder a current certificate of a senior officer of the Corporation stating that the Corporation and its Subsidiaries have complied with all covenants, conditions and other requirements contained in any document, instrument or agreement executed and delivered by any of them to the Holder and there has not occurred any Event of Default or non-compliance with any covenant, condition or other requirement contained in the Transaction Documents and any other document, instrument or agreement (including any Material Agreement) which would constitute an Event of Default or event which with the giving of notice or the lapse of time or both or, if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance and the action, if any, the

Corporation or any of its Subsidiaries proposes to take with respect thereto.

- (o) **Certificate of Representations and Warranties.** The Corporation covenants that at any time if requested by the Holder, and at least on a quarterly basis, the Corporation shall furnish to the Holder a current certificate of a senior officer of the Corporation stating that the representations and warranties contained herein are true and correct as of the date of the certificate with the same force and effect as if such representations and warranties had been made on and as of such time except for such representations and warranties stated to be true as of a specific date or, if such is not the case, specifying the representation or warranty which is not true or correct and giving particulars of such representation and warranty and the action, if any, the Corporation or any of its Subsidiaries proposes to take with respect thereto.
- (p) **Observer Status.** For as long as this Debenture remains outstanding, the Holder shall be entitled to appoint, from time to time, an observer who shall be entitled to attend and participate in the discussions at all meetings of the Corporation's board of directors or any subcommittees thereof. Such observer shall be entitled to all materials provided in connection with meetings of the Corporation's board of directors or any subcommittees thereof and shall be entitled to reimbursement of expenses as if the observer were a director. Such board observer shall be subject to all insider trading policies of the Corporation (including regular black-out periods) and shall sign a confidentiality agreement in favour of the Corporation in a form satisfactory to the board of directors, acting reasonably, as a condition precedent to attending any board of director meetings or receiving any board of director materials. It is agreed that the board of directors, using reasonable judgment and acting in good faith and in the best interests of the Corporation, may exclude such observer from any meeting or portion thereof if such attendance would result in a conflict of interest between the Corporation and the Holder directly with respect to the Obligations or to protect or maintain solicitor-client privilege.
- (q) **Financial Information.** The Corporation shall deliver to the Holder:
  - (i) internal management statements within thirty (30) days of the end of each month;
  - (ii) draft quarterly financial statements within forty (40) days of the end of each fiscal quarter;

- (iii) draft annual financial statements within forty-five (45) days of the end of each fiscal year;
- (iv) quarterly and annual audited financial statements of the Corporation at the same time as such statements are publicly disseminated as required by law (including, without limitation, a management discussion and analysis that describes recent events and a brief description of business prospects of the Corporation) together with a reconciliation to the draft financial statements previously provided to the Holder for such period; and
- (v) such other financial documents and reports as reasonably requested by the Holder from time to time.

Such statements and reports shall be accompanied by a certificate of the Chief Executive Officer or Chief Financial Officer, on behalf of the Corporation and not in his/her personal capacity, to the effect that the statements and reports are prepared in accordance with GAAP, all statutory withholdings have been properly made and there is no default under this Debenture and/or under any other borrowing arrangement. Additionally, if the Corporation undertakes reporting requirements to the lender or lenders under any other borrowing arrangement, the Holder shall also contemporaneously receive copies of all reporting materials sent to such lender or lenders. For greater certainty, the delivery of any statement or report for a relevant period, as the case may be, required under this Section 5.1(l) does not in any way relieve the Corporation and the Subsidiary from their obligations to deliver any other statement or report required to be delivered hereunder for the same period.

- (r) **Negative Covenants.** Without the prior written consent of the Holder, the Corporation shall not and shall cause the Subsidiary to not:
  - (i) incur, issue or make any request for or permit to exist Debt, except for the Permitted Debt;
  - (ii) grant or permit the existence of any security for Debt of the Corporation other than the Permitted Encumbrances;
  - (iii) capitalize any software development costs except as disclosed in writing;
  - (iv) sell or dispose of the business of the Corporation or any material part thereof or wind-up or liquidate the Corporation or the Subsidiary or any other subsidiary with material assets or

liabilities pursuant to any transaction where the repayment of the Debenture is not provided for;

- (v) merge, amalgamate or enter into another form of business combination other than with any subsidiary wholly-owned by the Corporation, where the repayment of the Debenture is not provided for as part of such transaction;
- (vi) make any payment of any dividend and/or other distribution to any shareholder of the Corporation, specifically excluding payment of director's fees, salaries, bonuses, commissions and any payments of a similar nature in the ordinary course of business and consistent with the Corporation's past practice and existing agreements;
- (vii) create, acquire or permit to exist any subsidiary of the Corporation or the Subsidiary that has not provided a guarantee, a general security agreement and such other Security Documents as the Holder may reasonably request to the benefit of the Holder;
- (viii) keep, locate, or maintain assets outside of Canada;
- (ix) purchase or acquire the assets of any Person or any shares, partnership interests or other similar interests in any Person by any means whatsoever other than purchases in the ordinary course of business;
- (x) make any prepayment of any Debt that is subordinate to or *pari passu* with the Obligations (for the purposes of this Agreement, any conversion of Debt into equity of the Corporation shall not be considered to be a prepayment);
- (xi) continue the Corporation into a jurisdiction in which the Corporation is not currently organized or incorporate or establish any subsidiary in a manner which may prejudice the Holder or potentially result in a material adverse change to the Corporation at the sole discretion of the Holder, acting reasonably;
- (xii) make any amendment to the articles or by-laws of the Corporation in a manner which may prejudice the Holder or potentially result in a material adverse change to the Corporation at the sole discretion of the Holder, acting reasonably;

- (xiii) provide or permit a guarantee in respect of the obligations of any Person, other than guarantees given in respect of indebtedness secured by a Permitted Encumbrance or in respect of Permitted Debt; or
- (xiv) agree or otherwise commit to take any action described in paragraphs (i)-(xii) above.
- (s) **Other Interests.** The Corporation and the Subsidiary shall not permit those entities in which they have a controlling interest from incurring liabilities (other than Permitted Debt) or granting any security for Debt of that entity without the prior written consent of the Holder.
- (t) **Further Documentation.** The Corporation will from time to time at its expense promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Holder may reasonably request for the purpose of preserving the Secured Property, and full benefits of, and the rights and powers granted by, the Security Documents (including the filing of any financing statements or financing change statements under any applicable legislation, application for the registration or an application for the registration of a rectification with respect to the Secured Property and including any steps required to register security on real property if necessary). The Corporation acknowledges that the Security Documents have been prepared based on the existing laws in the Province of Ontario and that a change in such laws may require the execution and delivery of different forms of security documentation. Accordingly, the Corporation agrees that the Holder will have the right to require that the Security Documents be amended, supplemented or replaced, and that the Corporation will immediately on request by the Holder authorize, execute and deliver any such amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Corporation merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Holder security interests similar to, and having the same effect as, the security interests created by the Security Documents.
- (u) **Delivery and Pledge of Certain Collateral.** Promptly upon request from time to time by the Holder and immediately (without any request by the Holder being necessary) upon the occurrence and during the continuance of any Event of Default, the Corporation will deliver (or



cause to be delivered) to the Holder, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Holder may reasonably request, any and all instruments, securities, documents of title and chattel paper included in or relating to the Secured Property as the Holder may specify in its request (other than Secured Property to which the holder of a Permitted Encumbrance holds a prior ranking charge).

- (v) **Payment of Expenses; Indemnification.** The Corporation will pay within thirty (30) days of demand therefor, and will indemnify and save the Holder harmless from, any and all liabilities, reasonable costs and expenses (including reasonable legal fees (without reduction for tariff rates or similar reductions) and expenses and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Holder in the enforcement of the Security Documents, (ii) with respect to, or resulting from, any failure or delay by the Corporation in performing or observing any of its obligations under the Security Documents, or (iii) incurred by the Holder in performing or observing any of the other covenants of the Corporation under the Security Documents.
- (w) **Maintenance of Records.** The Corporation will keep and maintain accurate and complete records of the Secured Property.
- (x) **Right of Inspection.** The Holder (or any agent of the Holder) may, at any time during normal business hours, upon reasonable notice, without charge, examine all books and records evidencing or relating to the Secured Property, and may discuss the affairs, finances and accounts of the Corporation with its officers and accountants in the presence of such representatives of the Corporation as the Corporation may designate. The Holder (or any agent of the Holder) may also, upon reasonable notice, without charge, enter the premises of the Corporation or the Subsidiary where any of the Secured Property is located for the purpose of inspecting the Secured Property, observing its use or otherwise protecting its interests in the Secured Property. The Corporation, at its expense, will prepare and provide the Holder (or any agent of the Holder) with such documentation and analysis, including, without limitation, the delivery of copies, electronic or otherwise, of all books and records evidencing or relating to the Secured Property and provide such clerical and other assistance as may be reasonably requested by the Holder (or any agent of the Holder) to exercise any of its rights under this paragraph.

- (y) **Limitations on Dispositions of Collateral.** Other than in the ordinary course of business, the Corporation will not (and will cause the Subsidiary not to), without the Holder's prior written consent, sell, lease or otherwise dispose of any of the Secured Property, except that inventory may be sold, leased or otherwise disposed of, equipment may be replaced that is obsolete or requires replacement and accounts may be collected. Following the occurrence and during the continuance of any Event of Default, all proceeds of the Secured Property (including all amounts received in respect of accounts receivable), whether or not arising in the ordinary course of the Corporation's business, will be received by the Corporation as trustee and agent of the Holder and will be immediately paid over to the Holder.
- (z) **Compliance with Laws, etc.** The Corporation will comply and cause the Subsidiary to comply with the requirements of all applicable laws, judgments, orders, decisions and awards.
- (aa) **Notices.** The Corporation will provide immediate notice to the Holder in accordance with Section 8.4 hereof, upon becoming aware of (i) any security interest (other than the security interests created by the Security Documents and Permitted Encumbrances) on, or claim asserted against, any of the Secured Property, (ii) the occurrence of any event, claim or occurrence that is or could reasonably be expected to have a material adverse effect on the value of the Secured Property, or (iii) any material loss of or damage to any of the Secured Property. The Corporation will provide thirty (30) days notice to the Holder in accordance with Section 8.4 hereof of (i) any change in the location of the chief executive office of the Corporation, (ii) any change in the location of any of the corporeal or tangible material Secured Property (including additional locations), (iii) any proposed Change of Control and (iv) where known thirty (30) days in advance, any proposed or contemplated changes of the Chief Executive Officer.
- (bb) **Limitations on Modifications, Waivers, Extensions.** Other than in the ordinary course of business, the Corporation will not and will cause the Subsidiary not to (i) amend, modify, terminate or waive any provision of any permit, contract or any agreement giving rise to an account owing to the Corporation or a Subsidiary in any manner which is or could reasonably be expected to be materially adverse to the Corporation or the Holder or (ii) fail to exercise promptly and diligently its rights under each permit, contract and agreement giving rise to an account owing to the Corporation or a Subsidiary if such

failure is or could reasonably be expected to be materially adverse to the Corporation or a Subsidiary or the Holder.

- (cc) **Financial Covenants.** For as long as the Obligations or any part of them remain outstanding, the Corporation shall:
- (i) maintain at all times, a minimum unencumbered Cash Balance of \$1,500,000 dollars;
  - (ii) maintain, as at the end of the fiscal quarter ending:
    - (A) June 30, 2008, trailing three month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$2,000,000
    - (B) September 30, 2008, trailing six month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$4,500,000
    - (C) December 31, 2008, trailing nine month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$7,400,000
    - (D) March 31, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$10,900,000
    - (E) June 30, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$12,700,000
    - (F) September 30, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$14,800,000
    - (G) December 31, 2009, and as at the end of every fiscal quarter thereafter, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$15,000,000
  - (iii) Maintain, as at the end of the fiscal quarter ending:
    - (A) June 30, 2008, trailing three month EBITDA of not less than -\$575,000

- (B) September 30, 2008, trailing six month EBITDA of not less than -\$850,000
- (C) December 31, 2008, trailing nine month EBITDA of not less than -\$725,000
- (D) March 31, 2009, trailing twelve month EBITDA of not less than \$-300,000
- (E) June 30, 2009, trailing twelve month of not less than \$200,000
- (F) September 30, 2009, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of not less than \$1,700,000.

## ARTICLE 6 EVENTS OF DEFAULT

### Section 6.1 Events of Default

Any of the following shall constitute an Event of Default under this Debenture:

- (a) failure by the Corporation to pay in cash all or any part of the Obligations when due and payable;
- (b) the Corporation or the Subsidiary ceases to carry on business in the normal course or any material part of its business;
- (c) the Corporation or the Subsidiary becomes unable to satisfy its liabilities as they become due and/or the realizable value of the Corporation's assets is less than the aggregate sum of its liabilities;
- (d) the Corporation, the Subsidiary, any creditor of the Corporation or any Subsidiary or any other Person institutes any proceeding or takes any corporate action or executes any agreement in connection with the commencement of any proceeding:
  - (i) seeking to adjudicate the Corporation or the Subsidiary a bankrupt or insolvent;
  - (ii) seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of the Corporation or the Subsidiary or any material part of their property or debt, or making a proposal with respect to the

Corporation or the Subsidiary under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws; or

- (iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for the Corporation or the Subsidiary or for any material part of their properties and assets or for any part of the Secured Property;
- (e) any creditor of the Corporation or the Subsidiary, or any other Person privately appoints a receiver, trustee or similar official for any material part of the properties or assets of the Corporation or any Subsidiary;
- (f) any execution, distress or other enforcement process, whether by court order or other formal proceeding becomes enforceable (it being acknowledged and agreed that the making of a demand by a third party without court or other formal sanction shall not in itself constitute an Event of Default hereunder) against any material properties or assets of the Corporation or the Subsidiary which could have a material adverse effect on the business of the Corporation on a consolidated basis;
- (g) the occurrence of any default in payment of monies or otherwise, or any event or condition which, with the giving of notice or passage of time, or both, would constitute a default in payment of monies or otherwise by the Corporation under the terms of any other Debt permitted in accordance with the terms hereof and such default is continuing five (5) Business Days after the Corporation or Subsidiary, as the case may be, has received notice thereof;
- (h) if any representation or warranty made by the Corporation or the Subsidiary to the Holder in the Subscription Agreement, the Security Documents or the Special Warrant is untrue or incorrect in any material respect as of the date on which it is made;
- (i) the Corporation or the Subsidiary fails to observe in any material respect, any other term, covenant or agreement contained in the Subscription Agreement, this Debenture, the Security Documents or the Special Warrant (including the failure to preserve the ranking of the security interests created by the Security Documents) and such failure is continuing five (5) Business Days after notice by the Holder to the Corporation;

- (j) except as disclosed in the Subscription Agreement, with respect to Debt of the Corporation or the Subsidiary under any agreement with a third party (other than agreements entered into with customers in the ordinary course of business), the Corporation or Subsidiary, as the case may be, fails to pay any principal, interest or other amount pursuant to such agreement when such amount becomes due and payable (whether by scheduled maturity, required repayment, acceleration, demand or otherwise), other than the extension of the payment of trade and accounts payable in the ordinary course consistent with the past practice of the Corporation or Subsidiary, as the case may be, provided such extension has no material adverse effect upon the Corporation on a consolidated basis, subject to a five (5) Business Day right to cure;
- (k) a notice is sent to or received by the Corporation or the Subsidiary from any creditor with respect to the intention of such creditor to enforce its Lien on any of the property of the Corporation or Subsidiary, as the case may be, unless such notice is being contested in good faith by appropriate legal proceedings and such notice has not resulted in, or does not involve, any immediate prospect of the sale or forfeiture or loss of any of the property of the Corporation or Subsidiary, as the case may be, that is subject to such notice;
- (l) the Corporation or the Subsidiary challenges the validity or enforceability of this Debenture or the Security Documents or terminates or repudiates any of them or attempts to do so;
- (m) any occurrence, development or change (other than an occurrence, development or change to which the Holder consents), which would result in the Debenture ceasing to have priority over all other Debt except for Permitted Encumbrances;
- (n) any holder of any Lien enforces against, or becomes entitled to enforce against, or otherwise takes possession, management or control of the Secured Property or the interest of the Debtor in such Secured Property, or any part of such Secured Property or interest;
- (o) a distress, execution, warrant, garnishment, attachment, sequestration, levy, writ, or any similar process is issued or enforced upon or against all or any part of the Secured Property, or any third party demand is issued by the Crown, governmental authority, administrative body or any taxation authority in respect of the Debtor or all or any part of the Secured Property, or any other seizure is made in respect of all or any part of the Secured Property;

- (p) the termination or resignation of the auditor of the Corporation provided that such auditor is not replaced with an auditor from one of the four largest accounting firms in Canada or such other accounting firm agreed to by the Holder;
- (q) any claim, action, litigation, arbitration or proceeding against the Corporation or the Subsidiary results in a judgment against or settlement by the Corporation or the Subsidiary which, if enforced or paid in accordance with its terms, could have a material adverse effect on the business of the Corporation on a consolidated basis or on the Corporation or the Subsidiary;
- (r) any material portion of the Secured Property is damaged or destroyed, and such loss is not covered by insurance;
- (s) a Person institutes proceedings against the Corporation or any Subsidiary alleging infringement of any intellectual property rights with a reasonable likelihood of success, as determined in the opinion of the Holder, acting reasonably, and which, if successful, could have a material adverse effect on the Corporation and such proceedings are not dismissed within forty-five (45) Business Days from the initiation thereof;
- (t) any of the Security shall cease to be a valid and perfected security interest;
- (u) any resolution is passed for, the winding up, dissolution or liquidation or amalgamation of the Corporation or any of its Subsidiaries other than with or into the Corporation or another Subsidiary or if the Corporation or any of its Subsidiaries loses its charter by expiration, cancellation, forfeiture or otherwise;
- (v) there occurs any change, condition, event or occurrence which, when considered individually or together with all other changes, conditions, events or occurrences, could reasonably be expected to have a material adverse effect (or a series of adverse effects, none of which is material in of itself but which, cumulatively, results in a material adverse effect) on: (A) the business, operations, assets, financial condition or prospects of the Corporation or its Subsidiaries taken as a whole (provided, however, that in no event shall a decrease in the market price of the Corporation's common shares in and of itself be deemed to constitute or be taken into account in determining whether there has been a material adverse effect); or (B) to the extent applicable, the ability of the Corporation to perform any of its obligations under this

Debenture, any other Material Agreement or any document, instrument or agreement executed and delivered by the Corporation or any of its Subsidiaries at any time to or in favour of the Holder; or (C) the ability of the Holder to enforce any of the obligations of the Corporation or its Subsidiaries under this Debenture or any other of the Transaction Documents; or (D) the priority of the Security Documents against the Secured Property;

- (w) there is an adverse qualification to any of the audited financial statements of the Corporation or its Subsidiaries by its auditors;
- (x) Justin Belobaba ceases to be actively involved in the operations of the Corporation for any reason whatsoever unless a succession plan has been presented to and approved by the Holder and the board of directors of the Corporation, acting reasonably;
- (y) a Change of Control occurs; and
- (z) if for any reason other than applicable law there is any restriction on or inability of the Corporation to issue the Purchase Warrants, Special Warrants or shares issuable upon the exercise of the rights therein as fully paid and non assessable shares in accordance with the terms thereof.

#### **Section 6.2 Notice of Event of Default**

The Corporation will give notice in writing to the Holder of the occurrence of any Event of Default or other event which, with the lapse of time or giving of notice or otherwise, would be an Event of Default, forthwith upon becoming aware thereof. Such written notice shall specify the nature of such default or Event of Default and the steps taken to remedy the same.

#### **Section 6.3 Default under Other Encumbrances**

Any amount paid by the Holder after the occurrence of an Event of Default on account of monies payable under any encumbrance upon the Secured Property or any part thereof shall:

- (a) be added to the Obligations and constitute a charge upon the Secured Property;
- (b) bear interest at the rate of 20% per annum as a reasonable pre-estimate of damages and not as a penalty; and
- (c) be repaid by the Corporation to the Holder on demand.



#### **Section 6.4 Judgment**

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Corporation to perform the Obligations nor shall such operate as a merger of any covenant or affect the right of the Holder to receive interest at the specified rate, and any judgment shall bear interest at such rate.

### **ARTICLE 7 REMEDIES**

#### **Section 7.1 Consequences of an Event of Default**

Upon the occurrence of an Event of Default, other than an Event of Default under Section 6.1(a), and the continuance of any such default for a period of three (3) days from the date of default without cure by the Corporation, the Holder may provide written notice to the Corporation declaring the Obligations to be immediately due and payable by the Corporation to the Holder. For the avoidance of doubt, no cure period shall apply to an Event of Default under Section 6.1(a). Without the necessity of any further act or formality, but subject to applicable law, the security hereby created and created by the Security Documents shall become enforceable.

#### **Section 7.2 Limitation of Liability**

The Holder shall not be liable by reason of any entry into or taking possession of any of the Secured Property hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Holder shall not, by virtue of these presents, be deemed to be a mortgagee in possession of the Secured Property. The Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Secured Property and shall not be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Holder, the Corporation or any other person in respect of same. The Corporation hereby releases and discharges the Holder from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Corporation or any person claiming through or under the Corporation by reason or as a result of anything done or omitted to be done, as the case may be, by the Holder or any successor or assign claiming through or under the Holder under the provisions of this Debenture, unless such claim is the result of gross negligence or wilful misconduct.

## **ARTICLE 8 GENERAL**

### **Section 8.1 Releases**

The Holder may in its discretion from time to time release any part of the Secured Property or any other security either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Secured Property or any other security or any Person from the security created by this Debenture or the Security Documents or from any of the covenants herein contained. Each and every portion into which the Secured Property is or may hereafter be divided does and shall stay charged with the Obligations. No Person shall have the right to require the Obligations to be apportioned and the Holder shall not be accountable to the Corporation for any moneys except those actually received by the Holder.

### **Section 8.2 Expenses**

The Corporation shall pay to the Holder on demand all of the Holder's reasonable costs, charges and expenses in connection with the enforcement by any means of any provisions hereof or the exercise of any rights, powers or remedies hereunder, including, without limitation, all such costs, charges and expenses in connection with taking possession, maintaining, completing, preserving, protecting, collecting or realizing upon all or any part of the Secured Property.

### **Section 8.3 Discharge of Debenture**

After the Obligations have been irrevocably repaid in full, the Holder shall return the Secured Property to the Corporation, cancel and discharge this Debenture with respect to any Obligations that are payable by the Corporation to the Holder and execute and deliver to the Corporation such instruments as shall be necessary to discharge this Debenture and the Security Documents.

### **Section 8.4 Communication**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during, or within three (3) Business Days prior to, a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth Business Day after the postmarked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day of the sending (provided it was sent before 4:30 p.m. Toronto time) and the applicable printed facsimile record shall be definitive evidence of the time and date of such facsimile transmission, or if delivered by hand shall be deemed to have been

received at the time it is delivered to the applicable address noted below either to the individual designated below or to an employee of the addressee at such address with responsibility for matters to which the information relates. Notice of change of address shall also be governed by this Section 8.4. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with the foregoing. Notices and other communications shall be addressed as follows:

- (a) if to the Corporation:

Healthscreen Solutions Incorporated  
80 Bloor St. W, Suite 1101  
Toronto, ON M5S 2V1

Attention: Eugene Bomba

Facsimile: 1-866-884-0196

with a copy (that does not constitute notice) to:

LaBarge Weinstein Professional Corporation  
515 Legget Drive, Suite 800  
Kanata, ON K2K 3G4

Attention: Paul Amirault

Facsimile: (613) 599-0018

- (b) if to the Holder:

Wellington Financial Fund III  
161 Bay Street, Suite 2520  
Toronto, Ontario M5J 2S1

Attention: F. Mark Usher

Facsimile: (416) 682-1160

with a copy (that does not constitute notice) to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street

Toronto, Ontario  
M5L 1B9

Attention: Martin Langlois

Facsimile: (416) 947-0866

**Section 8.5 Successors and Assigns**

This Debenture shall be binding on the Corporation and its successors and shall enure to the benefit of the Holder and its successors and permitted assigns.

**Section 8.6 No Set-Off**

The Obligations secured by this Debenture shall be paid by the Corporation without regard to any set-off, counterclaim or equities between the Corporation and the Holder.

**Section 8.7 Permitted Encumbrance**

Notwithstanding any other provision in this Agreement, the parties confirm their intent that the references to Permitted Encumbrances herein are not intended to imply the subordination by the Holder to any person.

IN WITNESS WHEREOF the Borrower has executed this Debenture on the  
15<sup>th</sup> day of May, 2008.

HEALTHSCREEN  
INCORPORATED

SOLUTIONS

By:

  
Authorized Signing Officer

I have the authority to bind the  
corporation

**SCHEDULE "A"**  
**PERMITTED ENCUMBRANCES**

**"Permitted Encumbrances"** means any of the following:

- (a) liens for taxes, assessments, governmental charges or levies not at the time due unless contested in good faith by all necessary proceedings;
- (b) defects or irregularities in title to land, easements, rights of way or other similar rights in land existing at the date of this agreement which in the aggregate do not materially impair the usefulness in the business of the subsidiary of the property subject thereto;
- (c) rights reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (d) any lien or encumbrance the validity of which is being contested by the Corporation in good faith and in respect of which either there shall have been deposited with the Holder cash in an amount sufficient to satisfy the same or the Holder shall be otherwise satisfied that its interests are not prejudiced thereby;
- (e) any reservations, limitations, provisos and conditions expressed in any original grant from the Crown;
- (f) title defects or irregularities which, in the opinion of counsel to the Holder, are of a minor nature and in the aggregate shall not materially impair the usefulness in the business of the Corporation;
- (g) a security interest in cash or governmental obligations deposited in the ordinary course of business in connection with contracts, bids, tenders or to secure worker's compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens;
- (h) security given in the ordinary course of business to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Corporation;

- (i) a security interest arising under a lease entered into in the ordinary course of business over the goods that are the subject matter of such lease, to an aggregate amount of \$100,000;
- (j) a security interest in or title retention relating to Equipment (not constituting, for greater certainty, Inventory) which is created to secure the unpaid purchase price thereof or retain title thereto until so paid, provided that each such security interest is limited to the asset so acquired (and any insurance or other proceeds thereof) and does not secure an amount in excess of the purchase price thereof or any re-advance on the security of the Equipment (for the purpose of this Schedule "A", "Equipment" and "Inventory" shall have the meaning set out in the *Personal Property Security Act* (Ontario), as amended);
- (k) security given in favour of the Holder to secure the Corporation's obligations hereunder and thereunder;
- (l) other encumbrances arising by operation of law or which are not material in character, amount, and extent and do not materially detract from the value or use of the Corporation's assets;
- (m) liens held by customers of the Corporation in respect of the work-in-progress relating to: (i) goods under production for customers and any assignment of such liens to third parties as approved by the Holder; and (ii) all equipment drop shipped to the Corporation by its customers (or suppliers) for integration to machinery which is owned by such customers (or suppliers); and
- (n) the specific permitted liens attached as Exhibit "A" hereto.

**EXHIBIT "A"**  
**SPECIFIC PERMITTED LIENS**

	<u>File No.</u>	<u>Registration #</u>	<u>Debtor(s)</u>	<u>Secured Party</u>	
1.	890660502	20030108 1032 1529 6666 Reg. 7 years	Healthscreen Solutions Incorporated	Business Development Bank of Canada	I, E, A, O, MVI Unspecified
2.	890660529	20030108 1032 1529 6668 Reg. 7 years	986353 Ontario Inc.	Business Development Bank of Canada	I, E, A, O, MVI Unspecified
3.	890660511	20030108 1032 1529 6667 Reg. 7 years	1161166 Ontario Limited	Business Development Bank of Canada	I, E, A, O, MVI Unspecified
4.	846861687	19981210 1752 1531 5368 Reg. 5 years	1161166 Ontario Limited	The Toronto- Dominion Bank	I, E, A, O, MVI Unspecified
	"	20031015 1944 1531 2645 Renewal 5 years	"	"	"
5.	607398471	20040716 1942 1531 5372 Reg. 5 years	1616340 Ontario Inc Medical Telecom Corporation	The Toronto- Dominion Bank	I, E, A, O, MVI, NFMD Unspecified
6.	608194404	20040816 1945 1531 6575 Reg. 5 years	1616340 Ontario Inc.	Royal Bank of Canada	E, O, MVI Unspecified
7.	607398471	20040716 1942 1531 5372 Reg. 5 years	1616340 Ontario Inc Medical Telecom Corporation	The Toronto- Dominion Bank	I, E, A, O, MVI, NFMD Unspecified
8.	636986493	20070705 1452 1530 9086 Reg. 5 years	Healthscreen Solutions Incorporated	Royal Bank of Canada	I, E, A, O, MVI Unspecified





## AMENDING AGREEMENT

AMENDING AGREEMENT dated November 3, 2008 between HEALTHSCREEN SOLUTIONS INCORPORATED (the "Borrower") and WF FUND III LIMITED PARTNERSHIP, carrying on business as WELLINGTON FINANCIAL LP AND WELLINGTON FINANCIAL FUND III (the "Holder").

### RECITALS:

- (a) The Borrower issued Series A Secured Debentures dated as of May 15, 2008 (the "Debenture"); and
- (b) The Holder and the Borrower have agreed to amend the Debenture on the terms and conditions set forth in this amending agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

### Defined Terms.

Capitalized terms used in this amending agreement and not otherwise defined have the meanings specified in the Debenture.

### Section 2 Amendment to Section 5.1 of the Debenture.

Section 5.1(cc)(i) of the Debenture is hereby deleted in its entirety and the following is substituted:

"maintain at all times during the period beginning the date hereof and ending on January 31, 2009, a minimum unencumbered Cash Balance of \$1,100,000 dollars, and at all times thereafter, a minimum unencumbered Cash Balance of \$1,500,000."

### Section 3 Reference to and Effect on the Debenture.

On and after this date, each reference in the Debenture to "this Debenture" and each reference to the Debenture in the Security Documents and any and all other agreements, documents and instruments delivered by the Holder, the Borrower or any other Person shall mean and be a reference to the Debenture as amended by this amending agreement. Except as specifically amended by this amending agreement, the Debenture shall remain in full force and effect and is hereby ratified and confirmed.

**Section 4 No Waiver, etc.**

The execution, delivery and effectiveness of this amending agreement shall not, except as expressly provided, operate as a waiver of any right, power or remedy of the Holder under the Debenture or any of the Security Documents nor constitute a waiver of any provision of the Debenture or any of the Security Documents.

**Section 5 Governing Law.**

This amending agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 6 Counterparts.**

This amending agreement may be executed in one or more counterparts and by facsimile signatures, each of which counterparts when executed by original or facsimile signature, shall constitute an original and all of which counterparts when so executed shall constitute one and the same agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF the parties have executed this amending agreement.

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By: 

Authorized Signing Officer

By: 

Authorized Signing Officer

WF FUND III LIMITED  
PARTNERSHIP, carrying on business  
as WELLINGTON FINANCIAL LP  
and WELLINGTON FINANCIAL FUND  
III, by GP WF FUND III LIMITED  
PARTNERSHIP, its general partner,  
by 2089368 ONTARIO LIMITED, its  
general partner

By: 

Authorized Signing Officer

By: \_\_\_\_\_

Authorized Signing Officer



## WAIVER AND AMENDMENT AGREEMENT

Waiver and amendment agreement (the "Agreement") dated as of April 7, 2009 between WF Fund III Limited Partnership, carrying on business as Wellington Financial Fund III ("Wellington Financial") and Healthscreen Solutions Incorporated (the "Corporation").

### RECITALS:

- (a) The Corporation issued a Series A Secured Debenture dated as of May 15, 2008 (as it may be amended, supplemented, restated or otherwise modified from time to time, the "Debenture") in favour of Wellington Financial;
- (b) Pursuant to the provisions of Section 5.1(cc)(i) of the Debenture, the Corporation must maintain at all times, a minimum unencumbered Cash Balance of \$1,500,000;
- (c) The Corporation has notified Wellington Financial that it cannot reasonably sustain a minimum unencumbered Cash Balance of \$1,500,000 for the period ending on or after March 31, 2009 (the "Covenant Breach");
- (d) Wellington Financial has agreed to waive its rights under the Debenture, resulting from the Covenant Breach, subject to the terms set forth in this Agreement;
- (e) The Corporation and Wellington Financial have agreed to amend the Debenture on the terms and conditions set forth in this Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), Wellington Financial and the Corporation hereby agree as follows:

- 1. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Debenture.
- 2. Wellington Financial waives compliance with the provisions of Section 5.1(cc)(i) of the Debenture in respect of the quarter ending March 31, 2009.
- 3. The Corporation hereby agrees to pay to Wellington Financial \$125,000 (the "Waiver Consideration") in consideration of the waiver set out in Section 2 of this Agreement. Each of the parties acknowledge and agree that the Waiver Consideration may be paid by the Corporation (in its sole discretion) either in cash or by allotting and issuing to Wellington Financial common shares of the Corporation provided, however, that if any portion of the Waiver Consideration is paid by allotting and issuing to Wellington Financial common shares of the Corporation, the parties agree that (i) such common shares will be listed on the TSX Venture Exchange Inc. and (ii) the economic value of the common shares of the Corporation shall be the "Market Price" of the Corporation's common shares

(as such expression is defined in the TSX Venture Exchange Corporate Finance Manual).

4. Section 5.1(cc)(i) of the Debenture is hereby deleted in its entirety and the following is substituted:

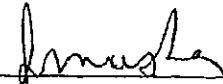
"(i) maintain at all times, a minimum unencumbered Cash Balance of \$1,000,000;"
5. On and after this date, each reference in the Debenture to "this Debenture" and each reference to the Debenture in the Security Documents and any and all other agreements, documents and instruments delivered by the Corporation or Wellington Financial or any other Person shall mean and be a reference to the Debenture as amended by this Agreement. Except as specifically amended by this Agreement, the Debenture shall remain in full force and effect and is hereby ratified and confirmed.
6. The Corporation hereby acknowledges and agrees that the Corporation is responsible for and shall reimburse Wellington Financial for all third party legal and related out-of-pocket expenses incurred by Wellington Financial in connection with this Agreement.
7. The waiver in Section 2 shall be effective only in this instance and for the specific purpose for which it was intended and shall not be deemed to be a waiver of compliance in the future or a waiver of any preceding or succeeding breach of the same or any other covenant or provision of the Debenture.
8. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and of Canada applicable therein.
9. This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which counterparts when executed by original or facsimile signature, shall constitute an original and all of which counterparts when so executed shall constitute one and the same agreement.

*Signature page to follow*

DATED: April \_\_, 2009

WF FUND III LIMITED PARTNERSHIP,  
by its general partner, GP WF FUND III  
LIMITED PARTNERSHIP, by its general  
partner, 2089368 ONTARIO LIMITED

By:



Name: Mark Usher.

Title: Partner

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By:

Name:

Title:

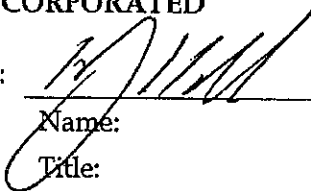


DATED: April \_\_, 2009

WF FUND III LIMITED PARTNERSHIP,  
by its general partner, GP WF FUND III  
LIMITED PARTNERSHIP, by its general  
partner, 2089368 ONTARIO LIMITED

By: \_\_\_\_\_  
Name:  
Title:

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By:  \_\_\_\_\_  
Name:  
Title:

**Ken J. Killin**  
**Chief Financial Officer**



## AMENDING AGREEMENT

AMENDING AGREEMENT (the "Agreement") dated May 19, 2009 between HEALTHSCREEN SOLUTIONS INCORPORATED (the "Borrower") and WF FUND III LIMITED PARTNERSHIP, carrying on business as WELLINGTON FINANCIAL LP AND WELLINGTON FINANCIAL FUND III (the "Holder").

### RECITALS:

- (a) The Borrower issued Series A Secured Debentures dated as of May 15, 2008 ("Debenture A"); and
- (b) The Holder and the Borrower have agreed to amend Debenture A on the terms and conditions set forth in this Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

### Defined Terms.

Capitalized terms used in this Agreement and not otherwise defined have the meanings specified in Debenture A.

### Section 2 Amendment to Section 2.1 of Debenture A.

The definition of "Maturity Date" set forth in Section 2.1(s) of Debenture A is hereby deleted in its entirety and replaced with the following:

"Maturity Date" means the earlier of:

- (i) May 14, 2011; and
- (ii) the date that is contemporaneous with a Change of Control."

### Section 3 Amendment to Section 5.1(cc)(ii) of Debenture A.

- (1) Section 5.1(cc)(ii)(F) of Debenture A is hereby amended by deleting "\$14,800,000" and replacing it with "\$13,000,000".
- (2) Section 5.1(cc)(ii)(G) of Debenture A is hereby deleted in its entirety and replaced with the following:
  - "(G) December 31, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$14,000,000

- (H) March 31, 2010, and as at the end of every fiscal quarter thereafter, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$15,000,000".

**Section 4 Amendment to Section 5.1(cc)(iii) of Debenture A.**

- (1) Section 5.1(cc)(iii)(F) of Debenture A is hereby deleted in its entirety and replaced with the following:

- "(F) September 30, 2009, trailing twelve month revenue EBITDA of not less than \$1,000,000
- (G) December 31, 2009, trailing twelve month revenue EBITDA of not less than \$1,400,000
- (H) March 31, 2009, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of not less than \$1,700,000".

**Section 5 Reference to and Effect on Debenture A.**

On and after this date, each reference in Debenture A to "this Debenture" and each reference to Debenture A in the Security Documents and any and all other agreements, documents and instruments delivered by the Holder, the Borrower or any other Person shall mean and be a reference to Debenture A as amended by this Agreement. Except as specifically amended by this Agreement, Debenture A shall remain in full force and effect and is hereby ratified and confirmed.

**Section 6 No Waiver, etc.**

The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided, operate as a waiver of any right, power or remedy of the Holder under Debenture A or any of the Security Documents nor constitute a waiver of any provision of Debenture A or any of the Security Documents.

**Section 7 Costs.**

The Borrower hereby acknowledges and agrees that the Borrower is responsible for and shall reimburse the Holder for all third party legal and related out-of-pocket expenses incurred by the Holder in connection with this Agreement.

**Section 8 Governing Law.**

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 9    Counterparts.**

This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which counterparts when executed by original or facsimile signature, shall constitute an original and all of which counterparts when so executed shall constitute one and the same agreement.

*[Signature page follows]*

DATED the 19 day of May , 2009.

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By: 

Ken Killin, CFO

By: 

Justin Belobaba, CEO

WF FUND III LIMITED  
PARTNERSHIP, carrying on business  
as WELLINGTON FINANCIAL LP  
and WELLINGTON FINANCIAL  
FUND III, by GP WF FUND III  
LIMITED PARTNERSHIP, its general  
partner, by 2089368 ONTARIO  
LIMITED, its general partner

By: 

Authorized Signing Officer

By: \_\_\_\_\_

Authorized Signing Officer



## WAIVER AND AMENDMENT AGREEMENT

Waiver agreement (the "Agreement") dated as of February 26, 2010 between WF Fund III Limited Partnership, carrying on business as Wellington Financial Fund III ("Wellington Financial") and Healthscreen Solutions Incorporated (the "Corporation").

### RECITALS:

- (a) The Corporation issued a Series A Secured Debenture dated as of May 15, 2008, amended by an amending agreement dated November 3, 2008, amended by a waiver and amendment agreement dated April 7, 2009 and amended by an amending agreement dated May 19, 2009 between Wellington Financial and the Corporation (collectively, as it may be amended, supplemented, restated or otherwise modified from time to time, the "Series A Debenture") in favour of Wellington Financial;
- (b) The Corporation issued a Series B Secured Debenture dated as of April 7, 2009 and amended by an amending agreement dated May 19, 2009 between Wellington Financial and the Corporation (collectively, as it may be amended, supplemented, restated or otherwise modified from time to time, the "Series B Debenture" and together with the Series A Debenture the "Debentures") in favour of Wellington Financial;
- (c) Pursuant to the provisions of Section 5.1(cc)(iii)(F) of the Series A Debenture and Section 5.1(bb)(iii)(B) of the Series B Debenture, the Corporation must maintain at the end of the fiscal quarter ending September 30, 2009, trailing twelve month revenue EBITDA of not less than \$1,000,000;
- (d) Pursuant to the provisions of Section 5.1(cc)(iii)(G) of the Series A Debenture and Section 5.1(bb)(iii)(C) of the Series B Debenture, the Corporation must maintain at the end of the fiscal quarter ending December 31, 2009, trailing twelve month revenue EBITDA of not less than \$1,400,000;
- (e) The Corporation has notified Wellington Financial that it has failed to maintain at the end of the fiscal quarter ending September 30, 2009, trailing twelve month revenue EBITDA of not less than \$1,000,000 and has failed to maintain at the end of the fiscal quarter ending December 31, 2009, trailing twelve month revenue EBITDA of not less than \$1,400,000 (together, the "Covenant Breach");
- (f) Wellington Financial has agreed to waive its rights under the Debentures, resulting from the Covenant Breach, subject to the terms set forth in this Agreement; and
- (g) The Corporation and Wellington Financial have agreed to amend the Debentures on the terms and conditions set forth in this Agreement.



In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), Wellington Financial and the Corporation hereby agree as follows:

1. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Debentures, as applicable.
2. Wellington Financial waives compliance with the provisions of Section 5.1(cc)(iii)(F) of the Series A Debenture and Section 5.1(bb)(iii)(B) of the Series B Debenture solely in respect of the quarter ending September 30, 2009.
3. Section 2.1 of each Debenture is hereby amended by adding the following definition in its proper alphabetical order:

"Interest Make-Whole" means an amount that is equal to the aggregate amount of interest (including, interest payable in cash, in kind or deferred) which would have otherwise been payable on the amount of such principal repayment from the date of repayment until March 31, 2011."

4. Section 3.2 of Debenture A is deleted in its entirety and the following is substituted:

"At any time following the Closing Date, the Corporation may prepay the outstanding Obligations under this Debenture in full or in part, provided that partial prepayments must be in the amount of \$500,000 or a (whole number) multiple thereof (the "Par Value"), and provided that (i) if the Corporation prepays, for any reason, all or any part of the principal amount of the Obligations prior to March 31, 2011, the Corporation shall pay to the Holder an amount equal to the Interest Make-Whole; and (ii) any prepayments made by the Corporation at any time on or after March 31, 2011 shall be at a rate of 1.02 times the Par Value of the prepayment. No prepayment may be made unless a notice of repayment, specifying the Date of Prepayment and amount to be prepaid is delivered to the Holder not less than five (5) Business Days prior to the Date of Prepayment. The Par Value of any prepayment shall be applied first to any accrued but unpaid interest and second to reduce the principal amount due on the Maturity Date. For greater certainty, this Section 3.2 shall apply to any payments required to be made by the Corporation to the Holder upon a Change of Control or in the event of any acceleration of the amounts owing hereunder."

5. Section 3.2 of Debenture B is deleted in its entirety and the following is substituted:

"At any time following the Closing Date, the Corporation may prepay the outstanding Obligations under this Debenture in full or in part, provided that partial prepayments must be in the amount of \$50,000 or a (whole number) multiple thereof (the "Par Value"), and provided that (i) if the Corporation prepays, for any reason, all or any part of the principal amount of the Obligations prior to March 31, 2011, the Corporation shall pay to the Holder an amount equal to the Interest Make-Whole; and (ii) any prepayments made by the Corporation at

any time on or after March 31, 2011 shall be without notice, bonus or penalty upon such prepayment. No prepayment may be made prior to or on March 31, 2011 unless a notice of repayment, specifying the Date of Prepayment and amount to be prepaid is delivered to the Holder not less than five (5) Business Days prior to the Date of Prepayment. The Par Value of any prepayment shall be applied first to any accrued but unpaid interest and second to reduce the principal amount due on the Maturity Date. For greater certainty, this Section 3.2 shall apply to any payments required to be made by the Corporation to the Holder upon a Change of Control or in the event of any acceleration of the amounts owing hereunder."

6. Section 5.1(cc)(i) of Debenture A is hereby deleted in its entirety and replaced with the following:

"maintain,

(A) during the period beginning the date hereof and ending on May 31, 2010, at the end of each month, a minimum unencumbered Cash Balance of \$1,000,000 and maintain at all other times during the month, a minimum unencumbered Cash Balance of \$750,000; and

(B) at all times after May 31, 2010, a minimum unencumbered Cash Balance of \$1,000,000;"

7. Section 5.1(bb)(i) of Debenture B is hereby deleted in its entirety and replaced with the following:

"maintain,

(A) during the period beginning the date hereof and ending on May 31, 2010, at the end of each month, a minimum unencumbered Cash Balance of \$1,000,000 and maintain at all other times during the month, a minimum unencumbered Cash Balance of \$750,000; and

(B) at all times after May 31, 2010, a minimum unencumbered Cash Balance of \$1,000,000;"

8. Section 5.1(cc)(iii)(G) of Debenture A is hereby deleted in its entirety and replaced with the following:

"(G) December 31, 2009, trailing twelve month revenue EBITDA of not less than -\$550,000

(H) March 31, 2010, trailing twelve month revenue EBITDA of not less than -\$400,000

(I) June 30, 2010 trailing twelve month revenue EBITDA of not less than -\$150,000

(j) September 30, 2010, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of no less than \$100,000.

(dd) **Other Covenant.** The Holder agrees that upon (i) the Corporation raising a minimum aggregate amount of \$5,000,000 in equity financing and (ii) the Holder approving the revised business plan, in form and substance satisfactory to the Holder that:

(A) the Holder and the Corporation shall amend this Debenture by deleting the existing financial covenants in Section 5.1(cc) and replacing them with one financial covenant in respect of the liquidity position or tangible net worth of the Corporation, which covenant shall be in the Holder's sole discretion; and

(B) the Holder may, in its sole discretion, consent to the Corporation entering into a senior operating facility up to an aggregate principal amount of \$3,000,000."

9. Section 5.1(bb)(iii)(C) of Debenture B is hereby deleted in its entirety and replaced with the following:

"(C) December 31, 2009, trailing twelve month revenue EBITDA of not less than -\$550,000

(D) March 31, 2010, trailing twelve month revenue EBITDA of not less than -\$400,000

(E) June 30, 2010 trailing twelve month revenue EBITDA of not less than -\$150,000

(F) September 30, 2010, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of no less than \$100,000.

(cc) **Other Covenant.** The Holder agrees that upon (i) the Corporation raising a minimum aggregate amount of \$5,000,000 in equity financing and (ii) the Holder approving the revised business plan, in form and substance satisfactory to the Holder that:

(A) the Holder and the Corporation shall amend this Debenture by deleting the existing financial covenants in Section 5.1(bb) and replacing them with one financial covenant in respect of the liquidity position or tangible net worth of the Corporation, which covenant shall be in the Holder's sole discretion; and

(B) the Holder may, in its sole discretion, consent to the Corporation entering into a senior operating facility up to an aggregate principal amount of \$3,000,000."

10. On and after this date, each reference in each Debenture to "this Debenture" and each reference to a Debenture in the Security Documents and any and all other agreements, documents and instruments delivered by the Corporation or Wellington Financial or any other Person shall mean and be a reference to the applicable Debenture as amended by this Agreement. Except as specifically amended by this Agreement, each Debenture shall remain in full force and effect and is hereby ratified and confirmed.
11. The Corporation hereby acknowledges and agrees that the Corporation is responsible for and shall reimburse Wellington Financial for all third party legal and related out-of-pocket expenses incurred by Wellington Financial in connection with this Agreement.
12. The waiver in Section 2 shall be effective only in this instance and for the specific purpose for which it was intended and shall not be deemed to be a waiver of compliance in the future or a waiver of any preceding or succeeding breach of the same or any other covenant or provision of the Debentures.
13. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and of Canada applicable therein.
14. This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which counterparts when executed by original or facsimile signature, shall constitute an original and all of which counterparts when so executed shall constitute one and the same agreement.

*[Signature page to follow]*

DATED: \_\_\_\_\_, 2010

WF FUND III LIMITED PARTNERSHIP,  
by its general partner, GP WF FUND III  
LIMITED PARTNERSHIP, by its general  
partner, 2089368 ONTARIO LIMITED

By: \_\_\_\_\_

Name: Mark White

Title: Partner

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By: \_\_\_\_\_

Name: JUSTIN BELONGIA

Title: CEO

THE UNIVERSITY OF CHICAGO

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE AUGUST 8, 2009.

## DEBENTURE

### HEALTHSCREEN SOLUTIONS INCORPORATED Series B Secured Debentures

Issued to: WF FUND III LIMITED PARTNERSHIP, carrying on business as WELLINGTON FINANCIAL LP and WELLINGTON FINANCIAL FUND III

Issued by: HEALTHSCREEN SOLUTIONS INCORPORATED.

\$550,000 (Cdn).  
(Aggregate Principal Amount)

## ARTICLE 1 PROMISE TO PAY

### Section 1.1 Promise to Pay

HEALTHSCREEN SOLUTIONS INCORPORATED (the "Corporation"), a corporation incorporated under the laws of Ontario and having its chief executive office at 80 Bloor St. W, Suite 1101, Toronto, Ontario, M5S 2V1, for value received, hereby promises to pay to or to the order of WF FUND III LIMITED PARTNERSHIP, carrying on business as WELLINGTON FINANCIAL LP and WELLINGTON FINANCIAL FUND III, its successors and permitted assigns (the "Holder"), at 161 Bay Street, Suite 2520, Toronto, Ontario M5J 2S1 or at such other place as the Holder may direct at any time and from time to time, the amount of \$550,000 (Cdn.) on the Maturity Date (as hereinafter defined) (or such other date as amounts owing hereunder may become due and payable in accordance with the terms hereof) and to pay interest, calculated annually and payable in cash monthly (in arrears), on the last day of each month (beginning on April 30, 2009) on the principal amount outstanding and on all other amounts now or hereafter owing hereunder (including accrued and unpaid interest), at the rate of 12.75% per annum (calculated annually and not in advance) until and including the Maturity Date (or such other date as amounts owing hereunder may become due and payable in accordance with the terms hereof). Upon the occurrence of any Event of Default and thereafter, interest shall be calculated on the principal amount outstanding and all other amounts now and hereafter payable hereunder (including accrued and unpaid interest) at the rate of 18% per annum as a reasonable pre-estimate of damages and not as a penalty. The principal amount owing from time to time, any interest

payable thereon and all other amounts now or hereafter payable hereunder, and at any time outstanding hereunder shall be referred to herein as the "Obligations".

### **Section 1.2     Transfer and Assignment**

The Holder may, at any time, transfer and assign this Debenture to any person, provided that: (i) the Holder notifies the Corporation of such transferee's name and address; and (ii) any such transfer is effected in compliance with applicable Securities Laws. The terms and conditions of this Debenture shall enure to the benefit of and be binding upon the Holder's successors and permitted assigns. Prior to an Event of Default, the Holder may, with the prior written consent of the Corporation (such consent not to be unreasonably withheld), disclose to potential or actual transferees or assignees any confidential information regarding the Corporation and the Subsidiary (including, any such information provided by the Corporation to the Holder), subject to such reasonable confidentiality restrictions as the Corporation may require, and shall not be liable for any such disclosure. For greater certainty, no such consent of the Corporation will be necessary to disclose such confidential information upon the occurrence and during the continuance of an Event of Default.

## **ARTICLE 2 INTERPRETATION**

### **Section 2.1     Definitions**

In this Debenture:

- (a) **"BDC Term Loan"** means the loans under the letter of offer of credit with the Business Development Bank of Canada in the amount of \$115,241.25 dollars dated as of May 6, 2004 and maturing on July 23, 2009;
- (b) **"Bookings"** means any sales of products or services by the Corporation that have been invoiced by the Corporation;
- (c) **"Business Day"** means a day other than a Saturday, Sunday or any other day on which the principal commercial banks located in the City of Toronto, Province of Ontario are not open for business during normal banking hours;
- (d) **"Budget"** means the budget of the Corporation adopted by the Corporation's board of directors for the given period;
- (e) **"Cash Balance"** means the aggregate value of cash balances or Cash Equivalents in bank accounts maintain by the Corporation, that are not used to secure Debt (other than the Obligations);



- (f) "Cash Equivalents" means (a) any readily-marketable securities (i) issued by, or directly, unconditionally and fully guaranteed or insured by the federal government of Canada or (ii) issued by any agency of the federal government of Canada, the obligations of which are fully backed by the full faith and credit of the federal government of Canada, (b) any readily-marketable direct obligations issued by any other agency of the federal government of Canada, any province of Canada or any political subdivision of any such state or any public instrumentality thereof, in each case having a rating of at least "A-1" from S&P or at least "P-1" from Moody's, (c) any commercial paper rated at least "A-1" by S&P or "P-1" by Moody's and issued by any Person organized under the laws of any province of Canada, (d) any dollar denominated time deposit, insured certificate of deposit, overnight bank deposit or bankers' acceptance issued or accepted by any commercial bank that is a Schedule I, Schedule II or Schedule III bank under the *Bank Act* (Canada);
- (g) "Change of Control" means (a) any sale of all or substantially all of the assets of the Corporation; (b) any merger or other business consolidation in which the current shareholders of the Corporation do not own more than 50% of the surviving entity; or (c) the acquisition by a purchaser or group of purchasers who are not current shareholders (or related to any existing shareholder) at the time of such acquisition of securities exchangeable for or convertible into voting securities of the Corporation resulting in the purchaser(s) of such securities owning more than 50% of all of the outstanding voting securities of the Corporation on a fully diluted basis; (d) the disposition, whether by way of sale, transfer, license (except to a third party end-user in the ordinary course of business where such end user is not a competitor of the Corporation) or otherwise of any "Software" as defined in the Source Code Escrow Agreement, including any module thereof; or (e) any Person or group of Persons, other than those existing shareholders as of the date hereof, gaining effective control of the board of directors of the Corporation;
- (h) "Corporation" has the meaning attributed thereto in Section 1.1;
- (i) "Date of Prepayment" means a date specified in a written notice given by the Corporation to the Holder pursuant to Section 3.2;
- (j) "Debenture", "hereto", "herein", "hereof", "hereby", "hereunder", and any similar expressions refer to this Series B secured debenture of the Corporation and the schedules attached hereto and not to any

particular article, Section or other portion hereof, and include any and every instrument supplemental hereto or amending any part hereof;

- (k) "Debt" of the Corporation means, without duplication:
- (i) all indebtedness of the Corporation for or in respect of borrowed money, credit or other financial accommodation, including liabilities and obligations (whether contingent or otherwise) with respect to letters of credit, letters of guarantee, bankers' acceptances or similar instruments issued or accepted by banks and other financial institutions for the account of the Corporation;
  - (ii) all indebtedness of the Corporation for or in respect of the purchase or acquisition price of property or services, whether or not recourse is limited to the repossession and sale of any such property;
  - (iii) all obligations under any lease entered into by the Corporation as lessee which would be classified as a capital lease in accordance with GAAP;
  - (iv) all obligations of the Corporation to purchase, redeem, retract or otherwise acquire any securities issued by the Corporation; and
  - (v) all Debt (as hereinbefore defined) or any other debt which is directly or indirectly guaranteed by the Corporation or which the Corporation has agreed to purchase or otherwise acquire or in respect of which the Corporation has otherwise assured a creditor against loss;

but "Debt" shall not include unsecured trade debt incurred in the ordinary course of business consistent with past practice, nor any contingent liabilities in connection with contracts entered into in the ordinary course of business;

- (l) "EBITDA" means earnings before interest, taxes, depreciation and amortization, plus any non-cash stock-based compensation reducing earnings and less any capitalized software development during the period, each item as determined in accordance with GAAP;
- (m) "Event of Default" has the meaning attributed thereto in Section 6.1;
- (n) "GAAP" means, at any time, the generally accepted accounting principles in Canada, applied on a consistent basis, and statements and

interpretations (if applicable) issued by the Canadian Institute of Chartered Accountants or any successor body in effect from time to time;

- (o) **"Holder"** has the meaning attributed thereto in Section 1.1;
- (p) **"Lien"** means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest in or to any particular property;
- (q) **"Material Agreements"** has the meaning attributed thereto in Section 5.1(l);
- (r) **"Maturity Date"** means the earlier of:
  - (i) September 30, 2009; and
  - (ii) the date that is contemporaneous with a Change of Control;
- (a) **"MTC"** means Medical Telecom Corp.;
- (s) **"Obligations"** has the meaning attributed thereto in Section 1.1;
- (t) **"Permitted Debt"** means this Debenture, the BDC Term Loan, the TD Term Loan, the RBC Credit Card Facility, the indebtedness secured by Permitted Encumbrances, indebtedness due by the Subsidiary to the Corporation or among the Subsidiary and the Corporation, accounts payable, accrued liabilities, income tax, deferred revenues, operating leases incurred in the ordinary course of business, consistent with past practice, and capital lease obligations incurred in the ordinary course of business (subject to a limit of \$300,000), consistent with past practice, and includes, without limitation, the Corporation's obligations under its existing and future real property leases;
- (u) **"Permitted Encumbrances"** has the meaning attributed thereto in Schedule "A" hereto;
- (v) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (w) **"Purchase Warrants"** means the share purchase warrants of the Corporation issuable upon the exercise of the Special Warrant;
- (x) **"RBC Credit Card Facility"** means the business VISA to a maximum of fifty-five thousand (\$55,000) dollars pursuant to the Royal Bank of Canada Loan Agreement between the Corporation and the Royal Bank of Canada dated as of June 19, 2007;
- (y) **"Secured Property"** has the meaning attributed thereto in Section 4.1;
- (z) **"Security Documents"** has the meaning attributed thereto in Section 4.1;
- (aa) **"Source Code Escrow Agreement"** means the source code escrow agreement dated July 28, 2008 among the Corporation, the Holder and Lincoln-Parry Associates Inc.
- (bb) **"Special Warrant"** means the special warrant issued to the Holder on May 15, 2009 which entitles the Holder to acquire, without payment of any additional consideration, Purchase Warrants of the Corporation on the terms set out in the special warrant;
- (cc) **"Subscription Agreement"** means the subscription agreement dated the date hereof pursuant to which, *inter alia*, the Holder subscribed for this Debenture;
- (dd) **"Subsidiary"** means MTC;
- (ee) **"TD Term Loan"** means the term loan under the small business banking credit agreement with The Toronto-Dominion Bank in the amount of twenty thousand (\$20,000) dollars; and
- (ff) **"Transaction Documents"** means this Debenture, the Subscription Agreement, the waiver and amendment agreement dated April 7, 2009 between the Holder and the Corporation, the Special Warrant, the Purchase Warrants and the Security Documents.

Other capitalized terms used herein which are not defined herein have the meanings attributed thereto in the Subscription Agreement.

## Section 2.2 Headings

The inclusion of headings in this Debenture is for convenience of reference only and shall not affect the construction or interpretation hereof.

### **Section 2.3 References to Sections**

Whenever in this Debenture a particular article, section or other portion thereof is referred to, such reference pertains to the particular article, section or portion thereof contained herein, unless otherwise indicated.

### **Section 2.4 Currency**

Except where otherwise expressly provided, all amounts in this Debenture are stated and shall be paid in Canadian currency.

### **Section 2.5 Gender and Number**

In this Debenture, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

### **Section 2.6 Invalidity of Provisions**

Each of the provisions contained in this Debenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

### **Section 2.7 Amendment or Waiver**

No amendment or waiver of this Debenture shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Debenture shall constitute a waiver of any other provision nor shall any waiver of any provision of this Debenture constitute a continuing waiver unless otherwise expressly provided.

### **Section 2.8 Governing Law; Attornment**

This Debenture shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Each of the Corporation, and, by its acceptance hereof, the Holder hereby irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising under or relating to this Debenture.

### **Section 2.9 Non-Business Days**

If any date on which any payment is due or any action is required to be taken is not a Business Day, the date for payment or taking such action shall be the next Business Day following the date specified for such payment or action.

### **Section 2.10 Certain Phrases, etc.**

In this Debenture (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the

aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless otherwise specified, the words "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Debenture. In the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

### ARTICLE 3 PAYMENT AND PREPAYMENT

#### Section 3.1 Repayment

Subject to Sections 3.2 and 3.3, the Obligations shall become due and payable by the Corporation on the Maturity Date and the Corporation shall repay the Obligations in cash to the Holder on the Maturity Date, or, upon agreement among the Corporation and the Holder, by conversion of this Debenture into another instrument acceptable to the Holder and the Corporation.

#### Section 3.2 Prepayment

At any time following the Closing Date, the Corporation may prepay the outstanding Obligations under this Debenture in full or in part, provided that partial prepayments must be in the amount of \$50,000 or a (whole number) multiple thereof (the "Par Value") without notice, bonus or penalty upon such prepayment. The Par Value of any prepayment shall be applied first to any accrued but unpaid interest and second to reduce the principal amount due on the Maturity Date. For greater certainty, this Section 3.2 shall apply to any payments required to be made by the Corporation to the Holder upon a Change of Control or in the event of any acceleration of the amounts owing hereunder.

### ARTICLE 4 SECURITY

#### Section 4.1 Security in favour of the Holder

The Corporation executed and delivered in favour of the Holder a general security agreement dated as of May 15, 2008 (the "Security Agreement"), as confirmed by an acknowledgement and confirmation of guarantee and security executed and delivered by the Corporation in favour of the Holder dated the date hereof (collectively with the Security Agreement and the Source Code Escrow Agreement, the "Security Documents") granting the Holder a security interest in and to all undertakings, property and assets of the Corporation and any Subsidiary including any and all securities owned by the Corporation and any Subsidiary (the "Secured Property"). In addition, the Holder shall have the continuing right to obtain, at its election, a mortgage creating on any real property of the Corporation or

the Subsidiary a perfected lien on such real property as additional security for the payment of the Obligations.

## ARTICLE 5 COVENANTS OF THE CORPORATION

### Section 5.1     General Covenants

For as long as this Debenture remains outstanding, the Corporation declares, covenants and agrees as follows:

- (a)     **Use of Proceeds.** The Corporation shall use the aggregate principal amount to fund liabilities (payables) to physician customers of the Corporation.
- (b)     **To Pay Principal and Interest.** The Corporation will duly and punctually pay the principal and interest accrued on this Debenture at the time and in the manner specified herein.
- (c)     **Maintain Corporate Existence.** The Corporation shall (and shall cause the Subsidiary to) maintain its corporate existence, carry on and conduct its business in a proper and business-like manner, take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business and comply with all applicable legal requirements.
- (d)     **Delivery of Secured Property and Perfection.** The Corporation shall (and shall cause the Subsidiary to) effect such registrations and obtain such consents and give such other security, at the sole cost and expense of the Corporation, as may be required or desirable to preserve, protect or perfect the security interests to be created with respect to the Secured Property.
- (e)     **No Encumbrances.** Neither the Corporation nor the Subsidiary shall create, assume or suffer to exist any Lien (other than Permitted Encumbrances), including, without limitation, any agreement to give any of the foregoing or any conditional sale or other title retention agreement, upon all or any part of the Secured Property. The Corporation will defend the Secured Property against, and will take such other action as is necessary to remove, any and all security interests on and claims in respect of the Secured Property other than the security interests created by the Security Documents and Permitted Encumbrances, and the Corporation will defend the right, title and interest of the Holder in and to the Secured Property against the claims and demands of all Persons.

- (f) **BDC Term Loan.** The Corporation shall not, at any time, permit the borrowing under the BDC Term Loan to exceed forty thousand (\$40,000) dollars.
- (g) **TD Term Loan.** The Corporation shall not, at any time, permit the borrowing under the TD Term Loan to exceed one thousand (\$1,000) dollars.
- (h) **RBC Credit Card Facility.** The Corporation shall not, at any time, permit the borrowing under the RBC Credit Card Facility to exceed fifty thousand (\$55,000) dollars.
- (i) **Operating Leases.** None of the Corporation or the Subsidiary will enter into or maintain operating leases (other than real property leases) such that the aggregate annual expenditure on such operating leases would be greater than the sum of (a) \$100,000 and (b) the aggregate annual expenditure on any operating leases (other than real property leases) acquired by the Corporation or the Subsidiary as a result of any new acquisition of a business or company by the Corporation or the Subsidiary.
- (j) **Insurance.** The Corporation shall insure and keep insured its properties customarily insured by companies carrying on a similar business in similar locations, or owning or operating similar properties, against all risks, including but not limited to business interruption insurance.
- (k) **Non-arm's Length Transactions.** The Corporation shall not enter into any transaction with any officer, director, employee, shareholder or any Person not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)) or any affiliate of any of the foregoing, specifically excluding (a) any employment or option agreement, and (b) any transaction for which prior written evidence, satisfactory to the Holder, is provided that such transaction will be on terms equal to or greater than fair market value.
- (l) **Subscription Agreement.** The Corporation shall observe each term, covenant and agreement contained in the Subscription Agreement, the Security Documents, the Special Warrant and all of its material agreements listed on any schedule to the Subscription Agreement (collectively, the "**Material Agreements**").
- (m) **Certificate of Compliance.** The Corporation covenants that at any time if requested by the Holder, and at least on a monthly basis, the



Corporation shall furnish to the Holder a current certificate of a senior officer of the Corporation stating that the Corporation and its Subsidiary have complied with all covenants, conditions and other requirements contained in any document, instrument or agreement executed and delivered by any of them to the Holder and there has not occurred any Event of Default or non-compliance with any covenant, condition or other requirement contained in the Transaction Documents and any other document, instrument or agreement (including any Material Agreement) which would constitute an Event of Default or event which with the giving of notice or the lapse of time or both or, if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance and the action, if any, the Corporation or its Subsidiary proposes to take with respect thereto.

- (n) **Certificate of Representations and Warranties.** The Corporation covenants that at any time if requested by the Holder, and at least on a quarterly basis, the Corporation shall furnish to the Holder a current certificate of a senior officer of the Corporation stating that the representations and warranties contained herein are true and correct as of the date of the certificate with the same force and effect as if such representations and warranties had been made on and as of such time except for such representations and warranties stated to be true as of a specific date or, if such is not the case, specifying the representation or warranty which is not true or correct and giving particulars of such representation and warranty and the action, if any, the Corporation or its Subsidiary proposes to take with respect thereto.
- (o) **Observer Status.** For as long as this Debenture remains outstanding, the Holder shall be entitled to appoint, from time to time, an observer who shall be entitled to attend and participate in the discussions at all meetings of the Corporation's board of directors or any subcommittees thereof. Such observer shall be entitled to all materials provided in connection with meetings of the Corporation's board of directors or any subcommittees thereof and shall be entitled to reimbursement of expenses as if the observer were a director. Such board observer shall be subject to all insider trading policies of the Corporation (including regular black-out periods) and shall sign a confidentiality agreement in favour of the Corporation in a form satisfactory to the board of directors, acting reasonably, as a condition precedent to attending any board of director meetings or receiving any board of director materials. It is agreed that the board of directors, using reasonable judgment and acting in good faith and in the best interests of the Corporation, may

exclude such observer from any meeting or portion thereof if such attendance would result in a conflict of interest between the Corporation and the Holder directly with respect to the Obligations or to protect or maintain solicitor-client privilege.

- (p) **Financial Information.** The Corporation shall deliver to the Holder:
- (i) internal management statements within thirty (30) days of the end of each month;
  - (ii) draft quarterly financial statements within forty (40) days of the end of each fiscal quarter;
  - (iii) draft annual financial statements within forty-five (45) days of the end of each fiscal year;
  - (iv) quarterly and annual audited financial statements of the Corporation at the same time as such statements are publicly disseminated as required by law (including, without limitation, a management discussion and analysis that describes recent events and a brief description of business prospects of the Corporation) together with a reconciliation to the draft financial statements previously provided to the Holder for such period; and
  - (v) such other financial documents and reports as reasonably requested by the Holder from time to time.

Such statements and reports shall be accompanied by a certificate of the Chief Executive Officer or Chief Financial Officer, on behalf of the Corporation and not in his/her personal capacity, to the effect that the statements and reports are prepared in accordance with GAAP, all statutory withholdings have been properly made and there is no default under this Debenture and/or under any other borrowing arrangement. Additionally, if the Corporation undertakes reporting requirements to the lender or lenders under any other borrowing arrangement, the Holder shall also contemporaneously receive copies of all reporting materials sent to such lender or lenders. For greater certainty, the delivery of any statement or report for a relevant period, as the case may be, required under this Section 5.1(l) does not in any way relieve the Corporation and the Subsidiary from their obligations to deliver any other statement or report required to be delivered hereunder for the same period.

- (q) **Negative Covenants.** Without the prior written consent of the Holder, the Corporation shall not and shall cause the Subsidiary to not:

- (i) incur, issue or make any request for or permit to exist Debt, except for the Permitted Debt;
- (ii) grant or permit the existence of any security for Debt of the Corporation other than the Permitted Encumbrances;
- (iii) capitalize any software development costs except as disclosed in writing;
- (iv) sell or dispose of the business of the Corporation or any material part thereof or wind-up or liquidate the Corporation or the Subsidiary or any other subsidiary with material assets or liabilities pursuant to any transaction where the repayment of the Debenture is not provided for;
- (v) merge, amalgamate or enter into another form of business combination other than with any subsidiary wholly-owned by the Corporation, where the repayment of the Debenture is not provided for as part of such transaction;
- (vi) make any payment of any dividend and/or other distribution to any shareholder of the Corporation, specifically excluding payment of director's fees, salaries, bonuses, commissions and any payments of a similar nature in the ordinary course of business and consistent with the Corporation's past practice and existing agreements;
- (vii) create, acquire or permit to exist any subsidiary of the Corporation or the Subsidiary that has not provided a guarantee, a general security agreement and such other Security Documents as the Holder may reasonably request to the benefit of the Holder;
- (viii) keep, locate, or maintain assets outside of Canada;
- (ix) purchase or acquire the assets of any Person or any shares, partnership interests or other similar interests in any Person by any means whatsoever other than purchases in the ordinary course of business;
- (x) make any prepayment of any Debt that is subordinate to or *pari passu* with the Obligations (for the purposes of this Agreement, any conversion of Debt into equity of the Corporation shall not be considered to be a prepayment);

- (xi) continue the Corporation into a jurisdiction in which the Corporation is not currently organized or incorporate or establish any subsidiary in a manner which may prejudice the Holder or potentially result in a material adverse change to the Corporation at the sole discretion of the Holder, acting reasonably;
- (xii) make any amendment to the articles or by-laws of the Corporation in a manner which may prejudice the Holder or potentially result in a material adverse change to the Corporation at the sole discretion of the Holder, acting reasonably;
- (xiii) provide or permit a guarantee in respect of the obligations of any Person, other than guarantees given in respect of indebtedness secured by a Permitted Encumbrance or in respect of Permitted Debt; or
- (xiv) agree or otherwise commit to take any action described in paragraphs (i)-(xii) above.
- (r) **Other Interests.** The Corporation and the Subsidiary shall not permit those entities in which they have a controlling interest from incurring liabilities (other than Permitted Debt) or granting any security for Debt of that entity without the prior written consent of the Holder.
- (s) **Further Documentation.** The Corporation will from time to time at its expense promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Holder may reasonably request for the purpose of preserving the Secured Property, and full benefits of, and the rights and powers granted by, the Security Documents (including the filing of any financing statements or financing change statements under any applicable legislation, application for the registration or an application for the registration of a rectification with respect to the Secured Property and including any steps required to register security on real property if necessary). The Corporation acknowledges that the Security Documents have been prepared based on the existing laws in the Province of Ontario and that a change in such laws may require the execution and delivery of different forms of security documentation. Accordingly, the Corporation agrees that the Holder will have the right to require that the Security Documents be amended, supplemented or replaced, and that the Corporation will immediately on request by the Holder authorize, execute and deliver any such

amendment, supplement or replacement (i) to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions, or (iii) if the Corporation merges or amalgamates with any other Person or enters into any corporate reorganization, in each case in order to confer on the Holder security interests similar to, and having the same effect as, the security interests created by the Security Documents.

- (t) **Delivery and Pledge of Certain Collateral.** Promptly upon request from time to time by the Holder and immediately (without any request by the Holder being necessary) upon the occurrence and during the continuance of any Event of Default, the Corporation will deliver (or cause to be delivered) to the Holder, endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as the Holder may reasonably request, any and all instruments, securities, documents of title and chattel paper included in or relating to the Secured Property as the Holder may specify in its request (other than Secured Property to which the holder of a Permitted Encumbrance holds a prior ranking charge).
- (u) **Payment of Expenses; Indemnification.** The Corporation will pay within thirty (30) days of demand therefor, and will indemnify and save the Holder harmless from, any and all liabilities, reasonable costs and expenses (including reasonable legal fees (without reduction for tariff rates or similar reductions) and expenses and any sales, goods and services or other similar taxes payable to any governmental authority with respect to any such liabilities, costs and expenses) (i) incurred by the Holder in the enforcement of the Security Documents, (ii) with respect to, or resulting from, any failure or delay by the Corporation in performing or observing any of its obligations under the Security Documents, or (iii) incurred by the Holder in performing or observing any of the other covenants of the Corporation under the Security Documents.
- (v) **Maintenance of Records.** The Corporation will keep and maintain accurate and complete records of the Secured Property.
- (w) **Right of Inspection.** The Holder (or any agent of the Holder) may, at any time during normal business hours, upon reasonable notice, without charge, examine all books and records evidencing or relating to the Secured Property, and may discuss the affairs, finances and accounts of the Corporation with its officers and accountants in the presence of such representatives of the Corporation as the Corporation

may designate. The Holder (or any agent of the Holder) may also, upon reasonable notice, without charge, enter the premises of the Corporation or the Subsidiary where any of the Secured Property is located for the purpose of inspecting the Secured Property, observing its use or otherwise protecting its interests in the Secured Property. The Corporation, at its expense, will prepare and provide the Holder (or any agent of the Holder) with such documentation and analysis, including, without limitation, the delivery of copies, electronic or otherwise, of all books and records evidencing or relating to the Secured Property and provide such clerical and other assistance as may be reasonably requested by the Holder (or any agent of the Holder) to exercise any of its rights under this paragraph.

- (x) **Limitations on Dispositions of Collateral.** Other than in the ordinary course of business, the Corporation will not (and will cause the Subsidiary not to), without the Holder's prior written consent, sell, lease or otherwise dispose of any of the Secured Property, except that inventory may be sold, leased or otherwise disposed of, equipment may be replaced that is obsolete or requires replacement and accounts may be collected. Following the occurrence and during the continuance of any Event of Default, all proceeds of the Secured Property (including all amounts received in respect of accounts receivable), whether or not arising in the ordinary course of the Corporation's business, will be received by the Corporation as trustee and agent of the Holder and will be immediately paid over to the Holder.
- (y) **Compliance with Laws, etc.** The Corporation will comply and cause the Subsidiary to comply with the requirements of all applicable laws, judgments, orders, decisions and awards.
- (z) **Notices.** The Corporation will provide immediate notice to the Holder in accordance with Section 8.4 hereof, upon becoming aware of (i) any security interest (other than the security interests created by the Security Documents and Permitted Encumbrances) on, or claim asserted against, any of the Secured Property, (ii) the occurrence of any event, claim or occurrence that is or could reasonably be expected to have a material adverse effect on the value of the Secured Property, or (iii) any material loss of or damage to any of the Secured Property. The Corporation will provide thirty (30) days notice to the Holder in accordance with Section 8.4 hereof of (i) any change in the location of the chief executive office of the Corporation, (ii) any change in the location of any of the corporeal or tangible material Secured Property (including additional locations), (iii) any proposed Change of Control

and (iv) where known thirty (30) days in advance, any proposed or contemplated changes of the Chief Executive Officer.

- (aa) **Limitations on Modifications, Waivers, Extensions.** Other than in the ordinary course of business, the Corporation will not and will cause the Subsidiary not to (i) amend, modify, terminate or waive any provision of any permit, contract or any agreement giving rise to an account owing to the Corporation or a Subsidiary in any manner which is or could reasonably be expected to be materially adverse to the Corporation or the Holder or (ii) fail to exercise promptly and diligently its rights under each permit, contract and agreement giving rise to an account owing to the Corporation or a Subsidiary if such failure is or could reasonably be expected to be materially adverse to the Corporation or a Subsidiary or the Holder.
- (bb) **Financial Covenants.** For as long as the Obligations or any part of them remain outstanding, the Corporation shall:
  - (i) maintain at all times, a minimum unencumbered Cash Balance of \$1,000,000 dollars;
  - (ii) maintain, as at the end of the fiscal quarter ending:
    - (A) June 30, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$12,700,000; and
    - (B) September 30, 2009 and as at the end of every fiscal quarter thereafter, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$14,800,000;
  - (iii) maintain, as at the end of the fiscal quarter ending:
    - (A) June 30, 2009, trailing twelve month EBITDA of not less than \$200,000; and
    - (B) September 30, 2009, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of not less than \$1,700,000.

## ARTICLE 6 EVENTS OF DEFAULT

### Section 6.1 Events of Default

Any of the following shall constitute an Event of Default under this Debenture:

- (a) failure by the Corporation to pay in cash all or any part of the Obligations when due and payable;
- (b) the Corporation or the Subsidiary ceases to carry on business in the normal course or any material part of its business;
- (c) the Corporation or the Subsidiary becomes unable to satisfy its liabilities as they become due and/or the realizable value of the Corporation's assets is less than the aggregate sum of its liabilities;
- (d) the Corporation, the Subsidiary, any creditor of the Corporation or any Subsidiary or any other Person institutes any proceeding or takes any corporate action or executes any agreement in connection with the commencement of any proceeding:
  - (i) seeking to adjudicate the Corporation or the Subsidiary a bankrupt or insolvent;
  - (ii) seeking liquidation, dissolution, winding-up, reorganization, arrangement, protection, relief or composition of the Corporation or the Subsidiary or any material part of their property or debt, or making a proposal with respect to the Corporation or the Subsidiary under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws; or
  - (iii) seeking appointment of a receiver, trustee, agent, custodian or other similar official for the Corporation or the Subsidiary or for any material part of their properties and assets or for any part of the Secured Property;
- (e) any creditor of the Corporation or the Subsidiary, or any other Person privately appoints a receiver, trustee or similar official for any material part of the properties or assets of the Corporation or any Subsidiary;
- (f) any execution, distress or other enforcement process, whether by court order or other formal proceeding becomes enforceable (it being acknowledged and agreed that the making of a demand by a third



party without court or other formal sanction shall not in itself constitute an Event of Default hereunder) against any material properties of assets of the Corporation or the Subsidiary which could have a material adverse effect on the business of the Corporation on a consolidated basis;

- (g) the occurrence of any default in payment of monies or otherwise, or any event or condition which, with the giving of notice or passage of time, or both, would constitute a default in payment of monies or otherwise by the Corporation under the terms of any other Debt permitted in accordance with the terms hereof and such default is continuing five (5) Business Days after the Corporation or Subsidiary, as the case may be, has received notice thereof;
- (h) if any representation or warranty made by the Corporation or the Subsidiary to the Holder in the Subscription Agreement, the Security Documents or the Special Warrant is untrue or incorrect in any material respect as of the date on which it is made;
- (i) the Corporation or the Subsidiary fails to observe in any material respect, any other term, covenant or agreement contained in the Subscription Agreement, this Debenture the Security Documents or the Special Warrant (including the failure to preserve the ranking of the security interests created by the Security Documents) and such failure is continuing five (5) Business Days after notice by the Holder to the Corporation;
- (j) except as disclosed in the Subscription Agreement, with respect to Debt of the Corporation or the Subsidiary under any agreement with a third party (other than agreements entered into with customers in the ordinary course of business), the Corporation or Subsidiary, as the case may be, fails to pay any principal, interest or other amount pursuant to such agreement when such amount becomes due and payable (whether by scheduled maturity, required repayment, acceleration, demand or otherwise), other than the extension of the payment of trade and accounts payable in the ordinary course consistent with the past practice of the Corporation or Subsidiary, as the case may be, provided such extension has no material adverse effect upon the Corporation on a consolidated basis, subject to a five (5) Business Day right to cure;
- (k) a notice is sent to or received by the Corporation or the Subsidiary from any creditor with respect to the intention of such creditor to enforce its Lien on any of the property of the Corporation or

Subsidiary, as the case may be, unless such notice is being contested in good faith by appropriate legal proceedings and such notice has not resulted in, or does not involve, any immediate prospect of the sale or forfeiture or loss of any of the property of the Corporation or Subsidiary, as the case may be, that is subject to such notice;

- (l) the Corporation or the Subsidiary challenges the validity or enforceability of this Debenture or the Security Documents or terminates or repudiates any of them or attempts to do so;
- (m) any occurrence, development or change (other than an occurrence, development or change to which the Holder consents), which would result in the Debenture ceasing to have priority over all other Debt except for Permitted Encumbrances;
- (n) any holder of any Lien enforces against, or becomes entitled to enforce against, or otherwise takes possession, management or control of the Secured Property or the interest of the Debtor in such Secured Property, or any part of such Secured Property or interest;
- (o) a distress, execution, warrant, garnishment, attachment, sequestration, levy, writ, or any similar process is issued or enforced upon or against all or any part of the Secured Property, or any third party demand is issued by the Crown, governmental authority, administrative body or any taxation authority in respect of the Debtor or all or any part of the Secured Property, or any other seizure is made in respect of all or any part of the Secured Property;
- (p) the termination or resignation of the auditor of the Corporation provided that such auditor is not replaced with an auditor from one of the four largest accounting firms in Canada or such other accounting firm agreed to by the Holder;
- (q) any claim, action, litigation, arbitration or proceeding against the Corporation or the Subsidiary results in a judgment against or settlement by the Corporation or the Subsidiary which, if enforced or paid in accordance with its terms, could have a material adverse effect on the business of the Corporation on a consolidated basis or on the Corporation or the Subsidiary;
- (r) any material portion of the Secured Property is damaged or destroyed, and such loss is not covered by insurance;
- (s) a Person institutes proceedings against the Corporation or any Subsidiary alleging infringement of any intellectual property rights

with a reasonable likelihood of success, as determined in the opinion of the Holder, acting reasonably, and which, if successful, could have a material adverse effect on the Corporation and such proceedings are not dismissed within forty-five (45) Business Days from the initiation thereof;

- (t) any of the Security shall cease to be a valid and perfected security interest;
- (u) any resolution is passed for, the winding up, dissolution or liquidation or amalgamation of the Corporation or its Subsidiary other than with or into the Corporation or the Subsidiary or if the Corporation or its Subsidiary loses its charter by expiration, cancellation, forfeiture or otherwise;
- (v) there occurs any change, condition, event or occurrence which, when considered individually or together with all other changes, conditions, events or occurrences, could reasonably be expected to have a material adverse effect (or a series of adverse effects, none of which is material in of itself but which, cumulatively, results in a material adverse effect) on: (A) the business, operations, assets, financial condition or prospects of the Corporation or its Subsidiary taken as a whole (provided, however, that in no event shall a decrease in the market price of the Corporation's common shares in and of itself be deemed to constitute or be taken into account in determining whether there has been a material adverse effect); or (B) to the extent applicable, the ability of the Corporation to perform any of its obligations under this Debenture, any other Material Agreement or any document, instrument or agreement executed and delivered by the Corporation or its Subsidiary at any time to or in favour of the Holder; or (C) the ability of the Holder to enforce any of the obligations of the Corporation or its Subsidiary under this Debenture or any other of the Transaction Documents; or (D) the priority of the Security Documents against the Secured Property;
- (w) there is an adverse qualification to any of the audited financial statements of the Corporation or its Subsidiary by its auditors;
- (x) Justin Belobaba ceases to be actively involved in the operations of the Corporation for any reason whatsoever unless a succession plan has been presented to and approved by the Holder and the board of directors of the Corporation, acting reasonably; and
- (y) a Change of Control occurs.

#### **Section 6.2 Notice of Event of Default**

The Corporation will give notice in writing to the Holder of the occurrence of any Event of Default or other event which, with the lapse of time or giving of notice or otherwise, would be an Event of Default, forthwith upon becoming aware thereof. Such written notice shall specify the nature of such default or Event of Default and the steps taken to remedy the same.

#### **Section 6.3 Default under Other Encumbrances**

Any amount paid by the Holder after the occurrence of an Event of Default on account of monies payable under any encumbrance upon the Secured Property or any part thereof shall:

- (a) be added to the Obligations and constitute a charge upon the Secured Property;
- (b) bear interest at the rate of 18% per annum as a reasonable pre-estimate of damages and not as a penalty; and
- (c) be repaid by the Corporation to the Holder on demand.

#### **Section 6.4 Judgment**

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Corporation to perform the Obligations nor shall such operate as a merger of any covenant or affect the right of the Holder to receive interest at the specified rate, and any judgment shall bear interest at such rate.

#### **Section 6.5 Interest Rate**

The Corporation shall not be obligated to pay any interest hereunder to the extent such interest exceeds the effective annual rate of interest on the credit made available hereunder that would be lawfully permitted under the Criminal Code (Canada), each interest rate and fee being distinct and severable obligations and it is the intention of the parties hereto that any interest and fees shall be, and shall be deemed to be, reduced by the parties hereto in accordance with the maximum rate of interest lawfully permitted under the Criminal Code (Canada) without effecting the remaining terms and conditions hereof.

## ARTICLE 7 REMEDIES

### Section 7.1 Consequences of an Event of Default

Upon the occurrence of an Event of Default, other than an Event of Default under Section 6.1(a), and the continuance of any such default for a period of three (3) days from the date of default without cure by the Corporation, the Holder may provide written notice to the Corporation declaring the Obligations to be immediately due and payable by the Corporation to the Holder. For the avoidance of doubt, no cure period shall apply to an Event of Default under Section 6.1(a). Without the necessity of any further act or formality, but subject to applicable law, the security hereby created and created by the Security Documents shall become enforceable.

### Section 7.2 Limitation of Liability

The Holder shall not be liable by reason of any entry into or taking possession of any of the Secured Property hereby charged or intended so to be or any part thereof, to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or any act or omission for which a secured party in possession might be liable. The Holder shall not, by virtue of these presents, be deemed to be a mortgagee in possession of the Secured Property. The Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, seize, collect, realize, sell, lease or otherwise dispose of or obtain payment for the Secured Property and shall not be bound to institute proceedings for such purposes or for the purpose of preserving any rights, remedies or powers of the Holder, the Corporation or any other person in respect of same. The Corporation hereby releases and discharges the Holder from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Corporation or any person claiming through or under the Corporation by reason or as a result of anything done or omitted to be done, as the case may be, by the Holder or any successor or assign claiming through or under the Holder under the provisions of this Debenture, unless such claim is the result of gross negligence or wilful misconduct.

## ARTICLE 8 GENERAL

### Section 8.1 Releases

The Holder may in its discretion from time to time release any part of the Secured Property or any other security either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Secured Property or any other security or any Person from the security created by this Debenture or the Security Documents or from any of the

covenants herein contained. Each and every portion into which the Secured Property is or may hereafter be divided does and shall stay charged with the Obligations. No Person shall have the right to require the Obligations to be apportioned and the Holder shall not be accountable to the Corporation for any moneys except those actually received by the Holder.

#### **Section 8.2 Expenses**

The Corporation shall pay to the Holder on demand all of the Holder's reasonable costs, charges and expenses in connection with the enforcement by any means of any provisions hereof or the exercise of any rights, powers or remedies hereunder, including, without limitation, all such costs, charges and expenses in connection with taking possession, maintaining, completing, preserving, protecting, collecting or realizing upon all or any part of the Secured Property.

#### **Section 8.3 Discharge of Debenture**

After the Obligations have been irrevocably repaid in full, the Holder shall return the Secured Property to the Corporation, cancel and discharge this Debenture with respect to any Obligations that are payable by the Corporation to the Holder and execute and deliver to the Corporation such instruments as shall be necessary to discharge this Debenture and the Security Documents.

#### **Section 8.4 Communication**

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid first-class mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid first-class mail at any time other than during, or within three (3) Business Days prior to, a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth Business Day after the postmarked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day of the sending (provided it was sent before 4:30 p.m. Toronto time) and the applicable printed facsimile record shall be definitive evidence of the time and date of such facsimile transmission, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an employee of the addressee at such address with responsibility for matters to which the information relates. Notice of change of address shall also be governed by this Section 8.4. In the event of a general discontinuance of postal service due to strike, lock-out or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with the foregoing. Notices and other communications shall be addressed as follows:

- (a) if to the Corporation:

Healthscreen Solutions Incorporated  
80 Bloor St. W, Suite 1101  
Toronto, ON M5S 2V1

Attention: Ken Killin

Facsimile: 1-866-769-4179

with a copy (that does not constitute notice) to:

LaBarge Weinstein Professional Corporation  
515 Legget Drive, Suite 800  
Kanata, ON K2K 3G4

Attention: Paul Amirault

Facsimile: (613) 599-0018

- (b) if to the Holder:

Wellington Financial Fund III  
161 Bay Street, Suite 2520  
Toronto, Ontario M5J 2S1

Attention: F. Mark Usher

Facsimile: (416) 682-1160

with a copy (that does not constitute notice) to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario  
M5L 1B9

Attention: Martin Langlois

Facsimile: (416) 947-0866

#### **Section 8.5 Successors and Assigns**

This Debenture shall be binding on the Corporation and its successors and shall enure to the benefit of the Holder and its successors and permitted assigns.

**Section 8.6 No Set-Off**

The Obligations secured by this Debenture shall be paid by the Corporation without regard to any set-off, counterclaim or equities between the Corporation and the Holder.

**Section 8.7 Permitted Encumbrance**

Notwithstanding any other provision in this Agreement, the parties confirm their intent that the references to Permitted Encumbrances herein are not intended to imply the subordination by the Holder to any person.



IN WITNESS WHEREOF the Borrower has executed this Debenture on the  
7<sup>th</sup> day of April, 2009.

HEALTHSCREEN  
INCORPORATED

SOLUTIONS

By: 

Authorized Signing Officer

I have the authority to bind the  
corporation

**SCHEDULE "A"**  
**PERMITTED ENCUMBRANCES**

"Permitted Encumbrances" means any of the following:

- (a) liens for taxes, assessments, governmental charges or levies not at the time due unless contested in good faith by all necessary proceedings;
- (b) defects or irregularities in title to land, easements, rights of way or other similar rights in land existing at the date of this agreement which in the aggregate do not materially impair the usefulness in the business of the subsidiary of the property subject thereto;
- (c) rights reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit, or by any statutory provision, to terminate the same or to require annual or other periodic payments as a condition to the continuance thereof;
- (d) any lien or encumbrance the validity of which is being contested by the Corporation in good faith and in respect of which either there shall have been deposited with the Holder cash in an amount sufficient to satisfy the same or the Holder shall be otherwise satisfied that its interests are not prejudiced thereby;
- (e) any reservations, limitations, provisos and conditions expressed in any original grant from the Crown;
- (f) title defects or irregularities which, in the opinion of counsel to the Holder, are of a minor nature and in the aggregate shall not materially impair the usefulness in the business of the Corporation;
- (g) a security interest in cash or governmental obligations deposited in the ordinary course of business in connection with contracts, bids, tenders or to secure worker's compensation, unemployment insurance, surety or appeal bonds, costs of litigation when required by law, public and statutory obligations, liens or claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens;
- (h) security given in the ordinary course of business to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of the Corporation;

- (i) a security interest arising under a lease entered into in the ordinary course of business over the goods that are the subject matter of such lease, to an aggregate amount of \$100,000;
- (j) a security interest in or title retention relating to Equipment (not constituting, for greater certainty, Inventory) which is created to secure the unpaid purchase price thereof or retain title thereto until so paid, provided that each such security interest is limited to the asset so acquired (and any insurance or other proceeds thereof) and does not secure an amount in excess of the purchase price thereof or any re-advance on the security of the Equipment (for the purpose of this Schedule "A", "Equipment" and "Inventory" shall have the meaning set out in the *Personal Property Security Act* (Ontario), as amended);
- (k) security given in favour of the Holder to secure the Corporation's obligations hereunder and thereunder;
- (l) other encumbrances arising by operation of law or which are not material in character, amount, and extent and do not materially detract from the value or use of the Corporation's assets;
- (m) liens held by customers of the Corporation in respect of the work-in-progress relating to: (i) goods under production for customers and any assignment of such liens to third parties as approved by the Holder; and (ii) all equipment drop shipped to the Corporation by its customers (or suppliers) for integration to machinery which is owned by such customers (or suppliers); and
- (n) the specific permitted liens attached as Exhibit "A" hereto.

**EXHIBIT "A"**  
**SPECIFIC PERMITTED LIENS**

<u>File No.</u>	<u>Registration #</u>	<u>Debtor(s)</u>	<u>Secured Party</u>	
1. 890660502	20030108 1032 1529 6666 Reg. 7 years	Healthscreen Solutions Incorporated	Business Development Bank of Canada	I, E, A, O, MVI Unspecified
2. 890660529	20030108 1032 1529 6668 Reg. 7 years	986353 Ontario Inc.	Business Development Bank of Canada	I, E, A, O, MVI Unspecified
3. 890660511	20030108 1032 1529 6667 Reg. 7 years	1161166 Ontario Limited	Business Development Bank of Canada	I, E, A, O, MVI Unspecified
4. 607398471	20040716 1942 1531 5372 Reg. 5 years	1616340 Ontario Inc Medical Telecom Corporation	The Toronto- Dominion Bank	I, E, A, O, MVI, NFMD Unspecified
5. 608194404	20040816 1945 1531 6575 Reg. 5 years	1616340 Ontario Inc.	Royal Bank of Canada	E, O, MVI Unspecified
6. 607398471	20040716 1942 1531 5372 Reg. 5 years	1616340 Ontario Inc Medical Telecom Corporation	The Toronto- Dominion Bank	I, E, A, O, MVI, NFMD Unspecified
7. 636986493	20070705 1452 1530 9086 Reg. 5 years	Healthscreen Solutions Incorporated	Royal Bank of Canada	I, E, A, O, MVI Unspecified
8. 643757958	20080331 1701 1462 2422 Reg 3 years	Healthscreen Solutions Incorporated	Gould Leasing Ltd.	E
9. 645152868	20080514 1127 1590 1248 Reg 5 years	Healthscreen Solutions Incorporated	WF Fund III Limited Partnership	I, E, A, O, MVI
10. 645152886	20080514 1128 1590 1249 Reg 5 years	Medical Telecom Corporation	WF Fund III Limited Partnership	I, E, A, O, MVI



## **AMENDING AGREEMENT**

**AMENDING AGREEMENT** (the "Agreement") dated May 19, 2009 between **HEALTHSCREEN SOLUTIONS INCORPORATED** (the "Borrower") and **WF FUND III LIMITED PARTNERSHIP**, carrying on business as **WELLINGTON FINANCIAL LP AND WELLINGTON FINANCIAL FUND III** (the "Holder").

### **RECITALS:**

- (a) The Borrower issued Series B Secured Debentures dated as of April 7, 2009 ("Debenture B"); and
- (b) The Holder and the Borrower have agreed to amend Debenture B on the terms and conditions set forth in this Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

### **Defined Terms.**

Capitalized terms used in this Agreement and not otherwise defined have the meanings specified in Debenture B.

### **Section 2 Amendment to Section 2.1 of Debenture B.**

The definition of "Maturity Date" set forth in Section 2.1(r) of Debenture B is hereby deleted in its entirety and replaced with the following:

"Maturity Date" means the earlier of:

- (i) May 14, 2011; and
- (ii) the date that is contemporaneous with a Change of Control."

### **Section 3 Amendment to Section 5.1(bb)(ii) of Debenture B.**

- (1) Section 5.1(bb)(ii)(B) of Debenture B is hereby deleted in its entirety and replaced with the following:

"(B) September 30, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$13,000,000;

- (C) December 31, 2009, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$14,000,000; and
- (D) March 31, 2010, and as at the end of every fiscal quarter thereafter, trailing twelve month revenue (calculated on a basis consistent with the historic practice of the Corporation) of not less than \$15,000,000;".

**Section 4 Amendment to Section 5.1(bb)(iii) of Debenture B.**

- (1) Section 5.1(bb)(iii)(B) of Debenture B is hereby deleted in its entirety and replaced with the following:

- "(B) September 30, 2009, trailing twelve month revenue EBITDA of not less than \$1,000,000;
- (C) December 31, 2009, trailing twelve month revenue EBITDA of not less than \$1,400,000;
- (D) March 31, 2009, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of not less than \$1,700,000."

**Section 5 Reference to and Effect on Debenture B.**

On and after this date, each reference in Debenture B to "this Debenture" and each reference to Debenture B in the Security Documents and any and all other agreements, documents and instruments delivered by the Holder, the Borrower or any other Person shall mean and be a reference to Debenture B as amended by this Agreement. Except as specifically amended by this Agreement, Debenture B shall remain in full force and effect and is hereby ratified and confirmed.

**Section 6 No Waiver, etc.**

The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided, operate as a waiver of any right, power or remedy of the Holder under Debenture B or any of the Security Documents nor constitute a waiver of any provision of Debenture B or any of the Security Documents.

**Section 7 Costs.**

The Borrower hereby acknowledges and agrees that the Borrower is responsible for and shall reimburse the Holder for all third party legal and related out-of-pocket expenses incurred by the Holder in connection with this Agreement.

**Section 8 Governing Law.**

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 9 Counterparts.**

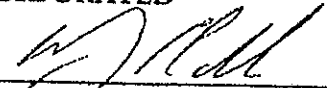
This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which counterparts when executed by original or facsimile signature, shall constitute an original and all of which counterparts when so executed shall constitute one and the same agreement.

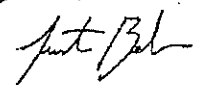
*[Signature page follows]*



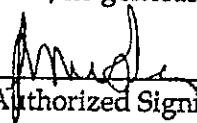
DATED the 19 day of May, 2009.

**HEALTHSCREEN SOLUTIONS  
INCORPORATED**

By:   
Ken Killin, CFO

By:   
Justin Belobaba, CEO

**WF FUND III LIMITED  
PARTNERSHIP, carrying on business  
as WELLINGTON FINANCIAL LP  
and WELLINGTON FINANCIAL  
FUND III, by GP WF FUND III  
LIMITED PARTNERSHIP, its general  
partner, by 2089368 ONTARIO  
LIMITED, its general partner**

By:   
Authorized Signing Officer

By: \_\_\_\_\_  
Authorized Signing Officer

THE UNIVERSITY OF CHICAGO

## WAIVER AND AMENDMENT AGREEMENT

Waiver agreement (the "Agreement") dated as of February 26, 2010 between WF Fund III Limited Partnership, carrying on business as Wellington Financial Fund III ("Wellington Financial") and Healthscreen Solutions Incorporated (the "Corporation").

### RECITALS:

- (a) The Corporation issued a Series A Secured Debenture dated as of May 15, 2008, amended by an amending agreement dated November 3, 2008, amended by a waiver and amendment agreement dated April 7, 2009 and amended by an amending agreement dated May 19, 2009 between Wellington Financial and the Corporation (collectively, as it may be amended, supplemented, restated or otherwise modified from time to time, the "Series A Debenture") in favour of Wellington Financial;
- (b) The Corporation issued a Series B Secured Debenture dated as of April 7, 2009 and amended by an amending agreement dated May 19, 2009 between Wellington Financial and the Corporation (collectively, as it may be amended, supplemented, restated or otherwise modified from time to time, the "Series B Debenture" and together with the Series A Debenture the "Debentures") in favour of Wellington Financial;
- (c) Pursuant to the provisions of Section 5.1(cc)(iii)(F) of the Series A Debenture and Section 5.1(bb)(iii)(B) of the Series B Debenture, the Corporation must maintain at the end of the fiscal quarter ending September 30, 2009, trailing twelve month revenue EBITDA of not less than \$1,000,000;
- (d) Pursuant to the provisions of Section 5.1(cc)(iii)(G) of the Series A Debenture and Section 5.1(bb)(iii)(C) of the Series B Debenture, the Corporation must maintain at the end of the fiscal quarter ending December 31, 2009, trailing twelve month revenue EBITDA of not less than \$1,400,000;
- (e) The Corporation has notified Wellington Financial that it has failed to maintain at the end of the fiscal quarter ending September 30, 2009, trailing twelve month revenue EBITDA of not less than \$1,000,000 and has failed to maintain at the end of the fiscal quarter ending December 31, 2009, trailing twelve month revenue EBITDA of not less than \$1,400,000 (together, the "Covenant Breach");
- (f) Wellington Financial has agreed to waive its rights under the Debentures, resulting from the Covenant Breach, subject to the terms set forth in this Agreement; and
- (g) The Corporation and Wellington Financial have agreed to amend the Debentures on the terms and conditions set forth in this Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), Wellington Financial and the Corporation hereby agree as follows:

1. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Debentures, as applicable.
2. Wellington Financial waives compliance with the provisions of Section 5.1(cc)(iii)(F) of the Series A Debenture and Section 5.1(bb)(iii)(B) of the Series B Debenture solely in respect of the quarter ending September 30, 2009.
3. Section 2.1 of each Debenture is hereby amended by adding the following definition in its proper alphabetical order:

"Interest Make-Whole" means an amount that is equal to the aggregate amount of interest (including interest payable in cash, in kind or deferred) which would have otherwise been payable on the amount of such principal repayment from the date of repayment until March 31, 2011;".
4. Section 3.2 of Debenture A is deleted in its entirety and the following is substituted:

"At any time following the Closing Date, the Corporation may prepay the outstanding Obligations under this Debenture in full or in part, provided that partial prepayments must be in the amount of \$500,000 or a (whole number) multiple thereof (the "Par Value"), and provided that (i) if the Corporation prepays, for any reason, all or any part of the principal amount of the Obligations prior to March 31, 2011, the Corporation shall pay to the Holder an amount equal to the Interest Make-Whole; and (ii) any prepayments made by the Corporation at any time on or after March 31, 2011 shall be at a rate of 1.02 times the Par Value of the prepayment. No prepayment may be made unless a notice of repayment, specifying the Date of Prepayment and amount to be prepaid is delivered to the Holder not less than five (5) Business Days prior to the Date of Prepayment. The Par Value of any prepayment shall be applied first to any accrued but unpaid interest and second to reduce the principal amount due on the Maturity Date. For greater certainty, this Section 3.2 shall apply to any payments required to be made by the Corporation to the Holder upon a Change of Control or in the event of any acceleration of the amounts owing hereunder."
5. Section 3.2 of Debenture B is deleted in its entirety and the following is substituted:

"At any time following the Closing Date, the Corporation may prepay the outstanding Obligations under this Debenture in full or in part, provided that partial prepayments must be in the amount of \$50,000 or a (whole number) multiple thereof (the "Par Value"), and provided that (i) if the Corporation prepays, for any reason, all or any part of the principal amount of the Obligations prior to March 31, 2011, the Corporation shall pay to the Holder an amount equal to the Interest Make-Whole; and (ii) any prepayments made by the Corporation at

any time on or after March 31, 2011 shall be without notice, bonus or penalty upon such prepayment. No prepayment may be made prior to or on March 31, 2011 unless a notice of repayment, specifying the Date of Prepayment and amount to be prepaid is delivered to the Holder not less than five (5) Business Days prior to the Date of Prepayment. The Par Value of any prepayment shall be applied first to any accrued but unpaid interest and second to reduce the principal amount due on the Maturity Date. For greater certainty, this Section 3.2 shall apply to any payments required to be made by the Corporation to the Holder upon a Change of Control or in the event of any acceleration of the amounts owing hereunder."

6. Section 5.1(cc)(i) of Debenture A is hereby deleted in its entirety and replaced with the following:

"maintain,

(A) during the period beginning the date hereof and ending on May 31, 2010, at the end of each month, a minimum unencumbered Cash Balance of \$1,000,000 and maintain at all other times during the month, a minimum unencumbered Cash Balance of \$750,000; and

(B) at all times after May 31, 2010, a minimum unencumbered Cash Balance of \$1,000,000;"

7. Section 5.1(bb)(i) of Debenture B is hereby deleted in its entirety and replaced with the following:

"maintain,

(A) during the period beginning the date hereof and ending on May 31, 2010, at the end of each month, a minimum unencumbered Cash Balance of \$1,000,000 and maintain at all other times during the month, a minimum unencumbered Cash Balance of \$750,000; and

(B) at all times after May 31, 2010, a minimum unencumbered Cash Balance of \$1,000,000;"

8. Section 5.1(cc)(iii)(G) of Debenture A is hereby deleted in its entirety and replaced with the following:

"(G) December 31, 2009, trailing twelve month revenue EBITDA of not less than -\$550,000

(H) March 31, 2010, trailing twelve month revenue EBITDA of not less than -\$400,000

(I) June 30, 2010 trailing twelve month revenue EBITDA of not less than -\$150,000

(j) September 30, 2010, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of no less than \$100,000.

(dd) **Other Covenant.** The Holder agrees that upon (i) the Corporation raising a minimum aggregate amount of \$5,000,000 in equity financing and (ii) the Holder approving the revised business plan, in form and substance satisfactory to the Holder that:

(A) the Holder and the Corporation shall amend this Debenture by deleting the existing financial covenants in Section 5.1(cc) and replacing them with one financial covenant in respect of the liquidity position or tangible net worth of the Corporation, which covenant shall be in the Holder's sole discretion; and

(B) the Holder may, in its sole discretion, consent to the Corporation entering into a senior operating facility up to an aggregate principal amount of \$3,000,000."

9. Section 5.1(bb)(iii)(C) of Debenture B is hereby deleted in its entirety and replaced with the following:

"(C) December 31, 2009, trailing twelve month revenue EBITDA of not less than -\$550,000

(D) March 31, 2010, trailing twelve month revenue EBITDA of not less than -\$400,000

(E) June 30, 2010 trailing twelve month revenue EBITDA of not less than -\$150,000

(F) September 30, 2010, and as at the end of every fiscal quarter thereafter, trailing twelve month EBITDA of no less than \$100,000.

(cc) **Other Covenant.** The Holder agrees that upon (i) the Corporation raising a minimum aggregate amount of \$5,000,000 in equity financing and (ii) the Holder approving the revised business plan, in form and substance satisfactory to the Holder that:

(A) the Holder and the Corporation shall amend this Debenture by deleting the existing financial covenants in Section 5.1(bb) and replacing them with one financial covenant in respect of the liquidity position or tangible net worth of the Corporation, which covenant shall be in the Holder's sole discretion; and

(B) the Holder may, in its sole discretion, consent to the Corporation entering into a senior operating facility up to an aggregate principal amount of \$3,000,000."

10. On and after this date, each reference in each Debenture to "this Debenture" and each reference to a Debenture in the Security Documents and any and all other agreements, documents and instruments delivered by the Corporation or Wellington Financial or any other Person shall mean and be a reference to the applicable Debenture as amended by this Agreement. Except as specifically amended by this Agreement, each Debenture shall remain in full force and effect and is hereby ratified and confirmed.
11. The Corporation hereby acknowledges and agrees that the Corporation is responsible for and shall reimburse Wellington Financial for all third party legal and related out-of-pocket expenses incurred by Wellington Financial in connection with this Agreement.
12. The waiver in Section 2 shall be effective only in this instance and for the specific purpose for which it was intended and shall not be deemed to be a waiver of compliance in the future or a waiver of any preceding or succeeding breach of the same or any other covenant or provision of the Debentures.
13. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and of Canada applicable therein.
14. This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which counterparts when executed by original or facsimile signature, shall constitute an original and all of which counterparts when so executed shall constitute one and the same agreement.

*[Signature page to follow]*

DATED: \_\_\_\_\_, 2010

WF FUND III LIMITED PARTNERSHIP,  
by its general partner, GP WF FUND III  
LIMITED PARTNERSHIP, by its general  
partner, 2089368 ONTARIO LIMITED

By: 

Name: Mark Usher

Title: Partner

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By: 

Name: JUSTIN BELOGBA

Title: CEO



THE UNIVERSITY OF CHICAGO

**HEALTHSCREEN SOLUTIONS INCORPORATED**

as Obligor

and

**WF FUND III LIMITED PARTNERSHIP,  
CARRYING ON BUSINESS AS WELLINGTON FINANCIAL LP  
AND WELLINGTON FINANCIAL FUND III**

as Secured Creditor

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**SECURITY AGREEMENT**

May 15<sup>th</sup>, 2008

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## SECURITY AGREEMENT

Security agreement dated as of May \_\_\_\_, 2008 made by Healthscreen Solutions Incorporated, to and in favour of WF Fund III Limited Partnership, carrying on business as Wellington Financial LP and Wellington Financial Fund III.

### RECITALS:

- (a) The Obligor is or will become indebted or liable to the Secured Creditor pursuant to its Series A Secured Debentures in the aggregate principal amount of \$4,250,000.00 (Cdn.) dated May \_\_\_\_, 2008 (as the same may be amended, restated, supplemented or replaced from time to time, the "Secured Debenture"); and
- (b) Pursuant to Section 4.1 of the Secured Debenture the Obligor agreed to execute and deliver this Agreement in favour of the Secured Creditor.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Obligor agrees as follows.

### ARTICLE 1 INTERPRETATION

#### Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Agreement" means this security agreement.

"Collateral" has the meaning specified in Section 2.1.

"Control Agreement" means (i) with respect to any uncertificated securities, an agreement between the issuer of such uncertificated securities, the Secured Creditor and the Obligor, whereby the issuer agrees to comply with instructions that are originated by the Secured Creditor in respect of such uncertificated securities, without further consent of the Obligor; and (ii) with respect to any securities accounts or security entitlements, an agreement between the securities intermediary, the Secured Creditor and the Obligor in respect of such securities accounts or security entitlements, whereby the securities intermediary agrees to comply with any entitlement orders that are originated by the Secured Creditor, without further consent of the Obligor.

"Credit Documents" means the Secured Debenture, this Agreement and each other Security Document.

"Expenses" has the meaning specified in Section 2.2(b).

**"Governmental Entity"** means any international tribunal, agency, body commission or other authority, any government, executive, parliament, legislature or local authority, or any governmental entity, ministry, department or agency or regulatory authority, court, tribunal, commission or board of or within Canada, or any other foreign jurisdiction, or any political subdivision of any thereof or any authority having jurisdiction therein or any quasi governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

**"Instruments"** means (i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada) or any other writing that evidences a right to the payment of money and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or (ii) a letter of credit and an advice of credit if the letter or advice states that it must be surrendered upon claiming payment thereunder, or (iii) chattel paper or any other writing that evidences both a monetary obligation and a security interest in or a lease of specific goods, or (iv) documents of title or any other writing that purports to be issued by or addressed to a bailee and purports to cover such goods in the bailee's possession as are identified or fungible portions of an identified mass, and that in the ordinary course of business is treated as establishing that the Person in possession of it is entitled to receive, hold and dispose of the document and the goods it covers, or (v) any document or writing commonly known as an instrument, but excludes investment property.

**"Intellectual Property"** means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade-mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

**"Lien"** means (i) any mortgage, charge, pledge, hypothecation, security interest, assignment by way of security, encumbrance, lien (statutory or otherwise), hire purchase agreement, conditional sale agreement, deposit arrangement, title retention agreement or arrangement, or any other assignment, arrangement or condition that in substance secures payment or performance of an obligation, (ii) any trust arrangement, (iii) any arrangement which creates a right of set-off out of the ordinary course of business, or (iv) any agreement to grant any such rights or interests.

**"Obligor"** means Healthscreen Solutions Incorporated, a corporation incorporated and existing under the laws of the Province of Ontario, and its successors and permitted assigns.

**"Registrable Intellectual Property"** means any Intellectual Property in respect of which ownership, title, security interests, charges or encumbrances are capable of registration, recording or notation with any Governmental Entity pursuant to applicable laws.

**"Restricted Asset"** has the meaning specified in Section 2.4(1).

**"Secured Creditor"** means WF Fund III Limited Partnership, carrying on business as Wellington Financial LP and Wellington Financial Fund III and its successors and assigns.

**"Secured Obligations"** has the meaning specified in Section 2.2(a).

**"Securities"** means an obligation of an issuer or a share, participation or other interest in an issuer or in property or an enterprise of an issuer, (a) that is represented by a security certificate in bearer form or registered form, or the transfer of which may be registered on books maintained for that purpose by or on behalf of the issuer; (b) that is one of a class or series, or by its terms is divisible into a class or series, of shares, participations, interests or obligations; and (c) that, (i) is, or is of a type, dealt in or traded on securities exchanges or securities markets, or (ii) is a medium for investment and by its terms expressly provides that it is a security for the purposes of the Securities Transfer Act, but excludes any ULC Shares.

**"Securities Transfer Act"** means the *Securities Transfer Act, 2006* (Ontario), as such legislation may be amended or replaced from time to time.

**"Security Interest"** has the meaning specified in Section 2.2.

**"ULC Shares"** means shares in any unlimited company or unlimited liability corporation at any time owned or otherwise held by the Obligor.

## Section 1.2 Interpretation.

- (1) Terms defined in the *Personal Property Security Act* (Ontario) ("PPSA") or the *Securities Transfer Act* and used but not otherwise defined in this Agreement have the same meanings. For greater certainty, the terms "account", "chattel paper", "document of title", "equipment", "intangible", "investment property", "money", "personal property" and "proceeds" have the meanings given to them in the PPSA; and the terms "certificated security", "control", "deliver", "entitlement holder", "financial asset", "securities account", "securities intermediary", "security entitlement" and "uncertificated security" have the meanings given to them in the *Securities Transfer Act*.
- (2) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Secured Debenture.
- (3) Any reference in any Credit Document to Liens permitted by the Secured Debenture and any right of the Obligor to create or suffer to exist Liens permitted by the Secured Debenture are not intended to and do not and will not subordinate the Security Interest to any such Lien or give priority to any Person over the Secured Creditor.
- (4) In this Agreement the words "including", "includes" and "include" mean "including (or includes or include) without limitation". The expressions "Article", "Section" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (5) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (6) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (7) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (8) Except as otherwise provided in this Agreement, any reference to this Agreement, any Credit Document or any Security Document refers to this Agreement or such Credit Document or Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it. Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

## ARTICLE 2 SECURITY

### Section 2.1 Grant of Security.

Subject to Section 2.4, the Obligor grants to the Secured Creditor, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Creditor, all of the property and undertaking of the Obligor now owned or hereafter acquired and all of the property and undertaking in which the Obligor now has or hereafter acquires any interest (collectively, the "Collateral") including all of the Obligor's:

- (a) present and after-acquired personal property;
- (b) inventory including goods held for sale, lease or resale, goods furnished or to be furnished to third parties under contracts of lease, consignment or service, goods which are raw materials or work in process, goods used in or procured for packing and materials used or consumed in the business of the Obligor;
- (c) equipment, machinery, furniture, fixtures, plant, vehicles and other goods of every kind and description and all licences and other rights and all related records, files, charts, plans, drawings, specifications, manuals and documents;
- (d) accounts due or accruing and all related agreements, books, accounts, invoices, letters, documents and papers recording, evidencing or relating to them;
- (e) money, documents of title, chattel paper, financial assets and investment property;
- (f) securities accounts, including the securities accounts listed in Schedule A and all of the credit balances, security entitlements, other financial assets and items or property (or their value) standing to the credit from time to time in such securities accounts;
- (g) Instruments and Securities, including the Instruments and Securities listed in Schedule A;
- (h) intangibles including all security interests, goodwill, choses in action, contracts, contract rights, licenses and other contractual benefits;
- (i) Intellectual Property including the Registrable Intellectual Property listed in Schedule B;

- (j) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 2.1(a) through Section 2.1(i) inclusive; and
- (k) all proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Section 2.1(a) through Section 2.1(j) inclusive, including the proceeds of such proceeds.

## **Section 2.2 Secured Obligations.**

The security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement (collectively, the "**Security Interest**") secures the payment and performance of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Obligor to the Secured Creditor in any currency, however or wherever incurred, and whether incurred by the Obligor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style (collectively, and together with the Expenses, the "**Secured Obligations**"); and
- (b) all expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with this Agreement, the Security Interest or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Creditor's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Credit Document (collectively, the "**Expenses**").

## **Section 2.3 Attachment.**

- (1) The Obligor acknowledges that (i) value has been given, (ii) it has rights in the Collateral or the power to transfer rights in the Collateral to the Secured Creditor (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) If any Securities of the Obligor are now or at any time become uncertificated securities registered in the name of the Obligor, the Obligor will, at the



request and option of the Secured Creditor, (i) cause the issuer to register the Secured Creditor (or someone on its behalf, other than a securities intermediary), as the registered owner of such Securities, or (ii) otherwise cause the Secured Creditor to have control over such Securities.

- (3) If any Securities of the Obligor are now or at any time become certificated securities, the Obligor will, at the request and option of the Secured Creditor, (i) deliver such certificated securities to the Secured Creditor, or (ii) otherwise grant control over such Securities to the Secured Creditor. The Obligor also delivers to and deposits with the Secured Creditor any promissory note or other Instruments evidencing any amount payable in excess of \$100,000 or evidencing any rights to goods having a value in excess of \$100,000.
- (4) If the Obligor now has or at any time acquires any securities accounts or security entitlements, the Obligor will, at the request and option of the Secured Creditor, (i) take all necessary action to ensure that the Secured Creditor becomes the entitlement holder of such securities accounts and the security entitlements held in such securities accounts, or (ii) enter into a Control Agreement in respect of such securities accounts or securities entitlements.
- (5) If the Obligor acquires any Instruments (other than Instruments evidencing amounts payable of less than \$100,000 or evidencing any rights to goods having a value less than \$100,000, Securities or other investment property the Obligor will notify the Secured Creditor in writing and provide the Secured Creditor with a revised Schedule A recording the acquisition and particulars of such Instruments, Securities or other investment property within 15 days after such acquisition. Upon request by the Secured Creditor, the Obligor will promptly deliver to and deposit with the Secured Creditor, or cause the Secured Creditor to have control over, such Instruments (other than Instruments evidencing amounts payable of less than \$100,000 or evidencing any rights to goods having a value less than \$100,000, Securities or other investment property as security for the Secured Obligations. The Obligor will also promptly inform the Secured Creditor in writing of the acquisition by the Obligor of any ULC Shares.
- (6) At the request of the Secured Creditor the Obligor will (i) cause the transfer of any Instruments, Securities or other investment property to the Secured Creditor to be registered wherever such registration may be required or advisable in the reasonable opinion of the Secured Creditor, (ii) endorse any such Securities or Instruments to the Secured Creditor or in blank by an effective endorsement or register them in the name of the Secured Creditor or otherwise as the Secured Creditor may reasonably direct, (iii) immediately deliver to the Secured Creditor any and all consents or other documents or agreements which may be necessary to effect the transfer of any such

Instruments, Securities or other investment property to the Secured Creditor or any third party and (iv) do all acts and things to otherwise cause the Secured Creditor to have control over such Instruments, Securities or other investment property.

- (7) The Obligor will promptly notify the Secured Creditor in writing of the acquisition by the Obligor of any Registrable Intellectual Property. The Obligor will provide the Secured Creditor with a revised Schedule B recording the acquisition and particulars of such additional Intellectual Property.

#### **Section 2.4 Scope of Security Interest.**

- (1) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Obligor would result in the termination of such agreement, licence, permit or quota (each, a "Restricted Asset"), the Security Interest with respect to each Restricted Asset will constitute a trust created in favour of the Secured Creditor pursuant to which the Obligor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Secured Creditor on the following basis:
  - (a) until the Security Interest is enforceable and subject to the Secured Debenture, the Obligor is entitled to receive all such proceeds; and
  - (b) whenever the Security Interest is enforceable, (i) all rights of the Obligor to receive such proceeds cease and all such proceeds will be immediately paid over to the Secured Creditor and (ii) the Obligor will take all actions requested by the Secured Creditor to collect and enforce payment and other rights arising under the Restricted Asset.

The Obligor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Restricted Assets to the assignment of such Restricted Asset to the Secured Creditor in accordance with this Agreement. The Obligor will also use all commercially reasonable efforts to ensure that all agreements entered into on and after the date of this Agreement expressly permit assignments of the benefits of such agreements as collateral security to the Secured Creditor in accordance with the terms of this Agreement.

- (2) The Security Interest with respect to trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Creditor, but does not constitute an assignment or mortgage of such Collateral to the Secured Creditor.
- (3) Until the Security Interest is enforceable, the grant of the Security Interest in the Intellectual Property does not affect in any way the Obligor's rights to

commercially exploit the Intellectual Property, defend it, enforce the Obligor's rights in it or with respect to it against third parties in any court or claim and be entitled to receive any damages with respect to any infringement of it.

- (4) The Security Interest does not extend to consumer goods or ULC Shares.
- (5) The Security Interest does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement for a lease or sublease of real property, now held or hereafter acquired by the Obligor, but the Obligor will stand possessed of any such last day upon trust to assign and dispose of it as the Secured Creditor may reasonably direct.

#### **Section 2.5 Grant of Licence to Use Intellectual Property.**

At such time as the Secured Creditor is lawfully entitled to exercise its rights and remedies under Article 3, the Obligor grants to the Secured Creditor an irrevocable, nonexclusive licence (exercisable without payment of royalty or other compensation to the Obligor) to use, assign or sublicense any Intellectual Property in which the Obligor has rights wherever the same may be located, including in such licence access to (i) all media in which any of the licensed items may be recorded or stored, and (ii) all software and computer programs used for compilation or print-out. The license granted under this Section is to enable the Secured Creditor to exercise its rights and remedies under Article 3 and for no other purpose.

#### **Section 2.6 Care and Custody of Collateral.**

- (1) The Secured Creditor has no obligation to keep Collateral in its possession identifiable.
- (2) The Secured Creditor may, upon the occurrence and during the continuance of an Event of Default, (i) notify any Person obligated on an Instrument, Security or account to make payments to the Secured Creditor, whether or not the Obligor was previously making collections on such accounts, chattel paper, instruments, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Secured Creditor has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Securities, Instruments or other financial assets. The Secured Creditor has no obligation to protect or preserve any Securities, Instruments or other financial assets from depreciating in value or becoming worthless and is released from all responsibility for any loss of value, whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Secured Creditor, a securities intermediary, the Obligor or any other Person. In the physical keeping of any Securities, the Secured Creditor is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.

- (4) The Secured Creditor may, upon the occurrence and during the continuance of an Event of Default, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Secured Creditor has control, on such conditions and in such manner as the Secured Creditor in its sole discretion may determine.

#### **Section 2.7 Rights of the Obligor.**

- (1) Until the occurrence of an Event of Default which is continuing, the Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. In order to allow the Obligor to vote any Securities registered in the Secured Creditor's name or the name of its nominee, at the request and the expense of the Obligor, the Secured Creditor will, prior to the Security Interest being enforceable, and may, after the Security Interest is enforceable, execute valid proxies appointing proxyholders to attend and act at meetings of shareholders, and execute resolutions in writing, all pursuant to the relevant provisions of the issuer's governing legislation. Upon the occurrence and during the continuance of an Event of Default, all rights of the Obligor to vote (under any proxy given by the Secured Creditor (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Secured Creditor.
- (2) Any distributions or dividends received by the Obligor contrary to Section 2.7(1) or any other moneys or property received by the Obligor after the Security Interest is enforceable will be received as trustee for the Secured Creditor and shall be immediately paid over to the Secured Creditor.

#### **Section 2.8 Expenses.**

The Obligor is liable for and will pay on demand by the Secured Creditor any and all Expenses.

### **ARTICLE 3 ENFORCEMENT**

#### **Section 3.1 Enforcement.**

The Security Interest becomes and is enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default.

#### **Section 3.2 Remedies.**

Whenever the Security Interest is enforceable, the Secured Creditor may realize upon the Collateral and enforce the rights of the Secured Creditor by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;

- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Securities and Instruments and other investment property as if the Secured Creditor were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Creditor or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any Intellectual Property for such term and on such conditions and in such manner as the Secured Creditor in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such Intellectual Property);
- (i) instruction or order to any securities intermediary which has entered into a Control Agreement with the Secured Creditor in respect of a securities account or security entitlement to transfer all financial assets held by such securities intermediary to an account maintained with, by or on behalf of the Secured Creditor;
- (j) application of any moneys constituting Collateral or proceeds thereof in accordance with Section 5.12;
- (k) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (l) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (m) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;

- (n) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Obligor; and
- (o) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

### **Section 3.3 Additional Rights.**

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest is enforceable, the Secured Creditor may:

- (a) require the Obligor, at the Obligor's expense, to assemble the Collateral at a place or places designated by notice in writing and the Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require the Obligor, by notice in writing, to disclose to the Secured Creditor the location or locations of the Collateral and the Obligor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of the Obligor or otherwise;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on Obligor);
- (e) pay any liability secured by any Lien against any Collateral (the Obligor will immediately on demand reimburse the Secured Creditor for all such payments);
- (f) carry on all or any part of the business of the Obligor and, to the exclusion of all others including the Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by the Obligor for such time as the Secured Creditor sees fit, free of charge, and the Secured Creditor is not liable to the Obligor for any act, omission or negligence in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of the Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;

- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Obligor; and
- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to the Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Secured Creditor, the Secured Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

#### **Section 3.4 Exercise of Remedies.**

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Creditor however arising or created. The Secured Creditor is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Creditor in respect of the Secured Obligations including the right to claim for any deficiency.

#### **Section 3.5 Receiver's Powers.**

- (1) Any receiver appointed by the Secured Creditor is vested with the rights and remedies which could have been exercised by the Secured Creditor in respect of the Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Secured Creditor.
- (2) Any receiver appointed by the Secured Creditor will act as agent for the Secured Creditor for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for the Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Obligor or as agent for the Secured Creditor as the Secured Creditor may determine in its discretion. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.

- (3) The Secured Creditor, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, the Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

### **Section 3.6 Appointment of Attorney.**

The Obligor hereby irrevocably constitutes and appoints the Secured Creditor (and any officer of the Secured Creditor) the true and lawful attorney of the Obligor. As the attorney of the Obligor, the Secured Creditor has the power to exercise for and in the name of the Obligor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Creditor, its nominees or transferees, and the Secured Creditor and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as the Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Obligor. This power of attorney extends to and is binding upon the Obligor's successors and permitted assigns. The Obligor authorizes the Secured Creditor to delegate in writing to another Person any power and authority of the Secured Creditor under this power of attorney as may be necessary or desirable in the opinion of the Secured Creditor, and to revoke or suspend such delegation. The power of attorney granted by the Obligor hereby shall automatically terminate and be of no further force or effect upon the discharge of the Security Interest in accordance with Section 5.2.

### **Section 3.7 Dealing with the Collateral.**

- (1) The Secured Creditor is not obliged to exhaust its recourse against the Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Creditor may consider desirable.
- (2) The Secured Creditor may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of the Obligor or the rights of the Secured Creditor in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Secured Creditor is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the



Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

### **Section 3.8 Standards of Sale.**

Without prejudice to the ability of the Secured Creditor to dispose of the Collateral in any manner which is commercially reasonable, the Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Secured Creditor or a customer of any such Person;
- (d) any sale conducted by the Secured Creditor will be at such time and place, on such notice and in accordance with such procedures as the Secured Creditor, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official; .
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Creditor, in its sole discretion, may deem advantageous; and
- (g) the Secured Creditor may establish an upset or reserve bid or price in respect of the Collateral.

### **Section 3.9 Dealings by Third Parties.**

- (1) No Person dealing with the Secured Creditor or an agent or receiver is required to determine (i) whether the Security Interest has become

enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Secured Creditor by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Secured Creditor with the Collateral, or (vi) how any money paid to Secured Creditor has been applied.

- (2) Any bona fide purchaser of all or any part of the Collateral from the Secured Creditor or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which the Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

#### ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

##### Section 4.1 General Representations, Warranties and Covenants.

The Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Secured Creditor is relying on such representations, warranties, covenants and agreements, that:

- (a) **Continuous Perfection.** Schedule C sets out the Obligor's place of business or, if more than one, the Obligor's chief executive office. Such place of business or chief executive office, as the case may be, has been located at such address for the 60 days immediately preceding the date of this Agreement. Schedule C also sets out the address at which the books and records of the Obligor are located, the address at which senior management of the Obligor are located and conduct their deliberations and make their decisions with respect to the business of the Obligor and the address from which the invoices and accounts of the Obligor are issued. The Obligor will not change the location of any of these items, people or addresses without providing at least 30 days prior written notice to the Secured Creditor. Except for sales of inventory made in the ordinary course of business, the Collateral, to the extent not delivered to the Collateral Agent pursuant to Section 2.3(3), has been kept for the 60 days immediately preceding the date of this Agreement and will be kept at those locations listed on Schedule C, and the Obligor will not remove the Collateral from such locations, without providing at least 30 days prior written notice to the Secured Creditor. The Obligor will not change its name in any manner

without providing at least 30 days prior written notice to the Secured Creditor.

- (b) **Restriction on Disposition.** The Obligor will not sell, assign, convey, exchange, lease, release or abandon, or otherwise dispose of, any Collateral except as expressly permitted in the Secured Debenture.
- (c) **Negative Pledge.** The Obligor will not create or suffer to exist any Lien on the Collateral, except for Liens permitted by the Secured Debenture, and will not grant control over any investment property to any Person other than the Secured Creditor.
- (d) **Account Debtors.** None of the account debtors in respect of any accounts, chattel paper or intangibles and none of the obligors in respect of any Instruments included in the Collateral is (i) a Governmental Entity, or (ii) in the case of any account in excess of \$100,000, is located outside of Canada or the United States of America.
- (e) **Securities and Instruments.**
  - (i) Schedule A lists all Securities and Instruments owned or held by the Obligor on the date of this Agreement.
  - (ii) Securities and Instruments that are Collateral have been, where applicable, duly and validly issued and acquired and are fully paid and non-assessable. Schedule A sets out, for each class of Securities listed in the schedule, the percentage amount that such Securities represent of all issued and outstanding Securities of that class and whether the Securities are certificated securities or uncertificated securities.
  - (iii) Except as described in Schedule A, no transfer restrictions apply to the Securities and Instruments listed in Schedule A. The Obligor has delivered to the Secured Creditor copies of all shareholder, partnership or trust agreements applicable to each issuer of such Securities and Instruments which are in the Obligor's possession and confirms that any interest in a partnership or limited liability company that now, or at any time, forms part of the Collateral is, and will be, a "security" for the purposes of the Securities Transfer Act.
  - (iv) No Person has or will have any written or oral option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant,

right, call, commitment, conversion right, right of exchange or other agreement to acquire any right or interest in any of the Securities and Instruments that are Collateral.

- (v) The Securities and Instruments that are Collateral constitute, where applicable, the legal, valid and binding obligation of the Obligor of such Securities and Instruments, enforceable in accordance with their terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, fraudulent conveyance, arrangement, reorganization or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies.
- (vi) The pledge, assignment, delivery to and control by the Secured Creditor of the Collateral consisting of Securities pursuant to this Agreement creates a valid and perfected first ranking security interest in such Securities, and the proceeds of them. Such Securities and the proceeds from them are not subject to any prior Lien or any agreement purporting to grant to any third party a Lien on or control of the property or assets of the Obligor which would include the Securities. The Secured Creditor is entitled to all of the rights, priorities and benefits afforded by the PPSA or other relevant personal property security legislation as enacted in any relevant jurisdiction to perfect security interests in respect of such Collateral.
- (vii) The Obligor does not know of any claim to or interest in any Securities (whether certificated securities or uncertificated securities), including any adverse claims. If any Person asserts any Lien, encumbrance or adverse claim against any Securities that form part of the Collateral, the Obligor will promptly notify the Secured Creditor.
- (viii) The Obligor will deliver to the Secured Creditor or its nominee, all Securities that are certificated securities, accompanied by such instruments of transfer as the Secured Creditor may reasonably request, in form and substance satisfactory to the Secured Creditor.
- (ix) At the request of the Secured Creditor, the Obligor will direct the issuer of any Securities that are certificated securities to register the applicable certificated securities in the name of the Secured Creditor.

- (x) At the request of the Secured Creditor, the Obligor will direct the issuer of any Securities that are uncertificated securities to register the Secured Creditor or its nominee as the registered owner of such uncertificated securities on the books and records of the issuer.
  - (xi) The Obligor will enter into any Control Agreements in respect of any Securities that are uncertificated securities, as the Secured Creditor may reasonably request, in form and substance satisfactory to the Secured Creditor.
  - (xii) The Obligor has not consented to, will not consent to, and has no knowledge of any Control Agreement with respect to any Securities that are uncertificated securities.
  - (xiii) The Obligor will notify the Secured Creditor immediately upon becoming aware of any change in an "issuer's jurisdiction" in respect of any Securities that are uncertificated securities.
- (f) **Securities Accounts, Security Entitlements and Control Agreements.**
- (i) The Obligor will at any time immediately upon the request of the Secured Creditor direct the securities intermediary for any Collateral consisting of security entitlements or securities accounts to transfer any or all of the financial assets to which such security entitlements or securities accounts relate to a securities account specified by the Secured Creditor.
  - (ii) The Obligor will enter into any Control Agreements in respect of any securities accounts or security entitlements, as the Secured Creditor may reasonably request, in form and substance satisfactory to the Secured Creditor.
  - (iii) The Obligor does not know of any claim to or interest in any securities account or security entitlement, including any adverse claim. If any Person asserts any Lien, encumbrance or adverse claim against any securities account or security entitlement that forms part of the Collateral, the Obligor will promptly notify the Secured Creditor.
  - (iv) The Obligor has not consented to, will not consent to, and has no knowledge of any Control Agreement with respect to any securities account or security entitlement that forms part of the Collateral.

- (v) The Obligor will notify the Secured Creditor immediately upon becoming aware of any change in a "securities intermediary's jurisdiction" in respect of any security entitlements or securities accounts.
- (vi) Schedule A lists all of the securities accounts of the Obligor on the date of this Agreement. The Secured Creditor has a valid and perfected first ranking security interest in each such securities account, which security interest is perfected by control. The Obligor will not, after the date of this Agreement, establish and maintain any securities accounts with any securities intermediary unless (1) it gives the Secured Creditor 30 days' prior written notice of its intention to establish such new securities account, (2) such securities intermediary is reasonably acceptable to the Secured Creditor, and (3) the securities intermediary and the Obligor (i) execute and deliver a Control Agreement with respect to such securities account that is in form and substance, satisfactory to the Secured Creditor, or (ii) transfer the financial assets in such securities account into a securities account in the name of the Secured Creditor.
- (g) **Status of Accounts Collateral.** The Obligor will maintain books and records pertaining to the Collateral in such detail, form and scope as the Secured Creditor reasonably requires, and keep all originals of the chattel paper which evidence accounts at locations specified on Schedule B. The Obligor will immediately notify the Secured Creditor if any account in excess of \$100,000 arises out of contracts with any Governmental Entity, and execute any instruments and take any steps required by the Secured Creditor in order that all moneys due or to become due under the contract are assigned to the Secured Creditor and notice of such assignment is given to the Governmental Entity. The Obligor will also immediately notify the Secured Creditor if any account in excess of \$100,000 is with an account debtor located outside of Canada or the United States of America.
- (h) **Additional Security Perfection and Protection of Security Interest.** The Obligor will grant to the Secured Creditor, security interests, assignments, mortgages, charges, hypothecations and pledges in such property and undertaking of the Obligor that is not subject to a valid and perfected first ranking security interest (subject only to Permitted Liens) constituted by the Security Documents, in each relevant jurisdiction as determined by the Secured Creditor. The Obligor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are requested by the Secured

Creditor at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security Interest including: (i) executing, recording and filing of financing or other statements, and paying all taxes, fees and other charges payable, (ii) placing notations on its books of account to disclose the Security Interest, (iii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Security Documents constitute a valid and perfected first ranking security interest (subject only to Permitted Liens), (iv) executing and delivering any certificates, endorsements, instructions, agreements, documents and instruments that may be required under the Securities Transfer Act and (v) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Secured Creditor.

#### **Section 4.2 Covenants Concerning Intellectual Property.**

The Obligor covenants and agrees, acknowledging and confirming that the Secured Creditor is relying on such covenants and agreements, that:

- (a) The Obligor will take all reasonable and necessary steps, including in any proceeding before the Canadian Intellectual Property Office or any similar Governmental Entity of any jurisdiction, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of the material Registrable Intellectual Property, including, without limitation, filing of applications for renewal, affidavits of use and affidavits of incontestability.
- (b) In the event that any material Intellectual Property of the Obligor is infringed, misappropriated or diluted by a third party, the Obligor will (i) take such actions as the Obligor reasonably deems appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Secured Creditor after it learns thereof and sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.
- (c) Immediately upon the request of the Secured Creditor, the Obligor will furnish the Secured Creditor in writing the description of all Registrable Intellectual Property or applications for Registrable Intellectual Property of the Obligor. In addition, the Obligor will deliver to the Secured Creditor a copy of the certificate of registration of, or application for, such Registrable Intellectual Property with a Confirmation of Security Interest in the form of Schedule D in respect

of such Registrable Intellectual Property confirming the assignment for security of such Registrable Intellectual Property to the Secured Creditor and immediately make all such filings, registrations and recordings as are necessary or appropriate to perfect the Security Interest granted to the Secured Creditor in the Registrable Intellectual Property.

## **ARTICLE 5 GENERAL**

### **Section 5.1 Notices.**

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Secured Debenture.

### **Section 5.2 Discharge.**

The Security Interest will not be discharged except by a written release or discharge signed by the Secured Creditor. The Obligor will be entitled to require a discharge by notice to the Secured Creditor upon, but only upon, (i) full and indefeasible payment and performance of the Secured Obligations and (ii) the Secured Creditor having no obligations under any Credit Document. Upon discharge of the Security Interest and at the request and expense of the Obligor, the Secured Creditor will execute and deliver to the Obligor such financing statements and other documents or instruments as the Obligor may reasonably require and the Secured Creditor will redeliver to the Obligor, or as the Obligor may otherwise direct the Secured Creditor, any Collateral in its possession and will cause all Securities or Instruments registered in its name or in the name of a third party to be re-registered in the name of the Obligor and will deliver to the Obligor any and all consents or other documents which may be necessary to effect the re-registration of any such securities or instruments to the Obligor.

### **Section 5.3 Termination**

Upon discharge of the Security Interest pursuant to Section 5.2, this Agreement shall terminate.

### **Section 5.4 No Merger, Survival of Representations and Warranties.**

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Creditor will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Creditor in respect of the Secured Obligations. The representations, warranties and covenants of the Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Secured Debenture. Notwithstanding any investigation made by or on behalf of the Secured Creditor these covenants, representations and warranties continue in full force and effect.



### **Section 5.5 Further Assurances.**

The Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Secured Creditor may require and take all further steps relating to the Collateral or any other property or assets of the Obligor that the Secured Creditor may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Secured Creditor. After the Security Interest becomes enforceable, the Obligor will do all acts and things and execute and deliver all documents and instruments that the Secured Creditor may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

### **Section 5.6 Supplemental Security.**

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Creditor.

### **Section 5.7 Successors and Assigns.**

This Agreement is binding on the Obligor and its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. This Agreement may be assigned by the Secured Creditor without the consent of, or notice to, the Obligor, to such Person as the Secured Creditor may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Secured Creditor as set forth in this Agreement or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Obligor will not assert against the assignee any claim or defence which the Obligor now has or may have against the Secured Creditor. The Obligor may not assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Secured Creditor which may be unreasonably withheld.

### **Section 5.8 Amalgamation.**

The Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest (i) subject to Section 2.4, extends to: (A) all of the property and undertaking that any of the amalgamating corporations then owns, (B) all of the property and undertaking that the amalgamated corporation thereafter acquires, (C) all of the property and undertaking in which any of the amalgamating corporations then has any interest and (D) all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Secured Creditor in any currency, however or wherever incurred, and whether incurred

alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term "**Obligor**" means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Collateral**" means all of the property and undertaking and interests described in (i) above, and the defined term "**Secured Obligations**" means the obligations described in (ii) above.

#### **Section 5.9 Severability.**

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

#### **Section 5.10 Amendment.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and the Obligor.

#### **Section 5.11 Waivers, etc.**

- (1) No consent or waiver by the Secured Creditor in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Secured Creditor. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Secured Creditor in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

#### **Section 5.12 Application of Proceeds of Security.**

All monies collected by the Secured Creditor upon the enforcement of its rights and remedies under the Security Documents and the Liens created by them including any sale or other disposition of the Collateral, together with all other monies received by the Secured Creditor under the Security Documents, will be applied as provided in the Secured Debenture. To the extent any other Credit Document requires proceeds of collateral under such Credit Document to be applied

in accordance with the provisions of this Agreement, the Secured Creditor shall apply such proceeds in accordance with this Section.

**Section 5.13 Conflict.**

In the event of any conflict between the provisions of this Agreement and the provisions of the Secured Debenture which cannot be resolved by both provisions being complied with, the provisions contained in the Secured Debenture will prevail to the extent of such conflict.

**Section 5.14 Governing Law.**

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

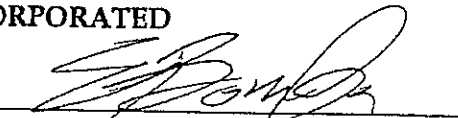
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IN WITNESS WHEREOF the Obligor has executed this Agreement.

HEALTHSCREEN  
INCORPORATED

SOLUTIONS

Per:



Authorized Signing Officer

**SCHEDULE A  
INSTRUMENTS AND SECURITIES**

**SECURITIES**

Issuer	Class of Securities	Number of Securities	% of issued Securities	Certificated or Uncertificated	Certificate Number (where applicable)
Medical Telecom Corporation	Common shares	1,163,856	100	Certificate	CR-14
1589681 Ontario Inc.	Class VE Shares	8,500,100	100	Certificates	VE-1
	Class NVE Shares	768,031			NVE-1

**INSTRUMENTS**

Issuer	Type of Instrument	Original Amount/Face Amount Monetary Obligation Secured	Maturity Date
N/A			

**TRANSFER RESTRICTIONS**

The securities contain transfer restrictions pursuant to the applicable constating documents and under applicable corporate and securities.

**OTHER INVESTMENT PROPERTY**

N/A

**SCHEDULE B  
INTELLECTUAL PROPERTY**

**Trademarks of HealthScreen Solutions Incorporated**

Canadian Trademark Registration

<u>Registration No.</u>	<u>Trademark</u>	<u>Next Renewal Date</u>
TMA432,089	HEALTHSCREEN	August 19, 2009

Pending Trademark Applications

<u>Trademark</u>	<u>Application Serial No.</u>	<u>Current Status</u>
CallerMD	1,348,818	Awaiting Certificate of Registration
PrevCareMD	1,348,819	Response to Examiner's Report due. Awaiting instructions.
ScriptsMD	1,348,823	Response due to Examiner's Report. Awaiting instructions.
HSpractice	1,349,188	Response to Examiner's Report due August 29, 2008. Awaiting instructions.
HSphysician	1,349,189	Response to Examiner's Report due August 29, 2008. Awaiting instructions.
HSpatient	1,349,191	Response due August 29, 2008. Awaiting instructions.
HSbilling	1,349,193	Response due August 29, 2008. Awaiting instructions.

HEALTHSCREEN & Design	1,350,055	Application filed June 4, 2007. Awaiting examination.
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**SCHEDULE C  
LOCATIONS OF COLLATERAL**

Chief Executive Office:

**80 Bloor St. W, Suite 1101, Toronto ON, M5S 2V1**

Locations of Collateral and Places of Business:

**80 Bloor St. W, Suite 1101, Toronto ON, M5S 2V1**

**110B Hanover Drive, Suite 101, St. Catharines ON, L2W 1A4**

Locations of Books and Records:

**80 Bloor St. W, Suite 1101, Toronto ON, M5S 2V1**

Locations of Senior Management:

**80 Bloor St. W, Suite 1101, Toronto ON, M5S 2V1**

Address from which Invoices and Accounts are sent:

**80 Bloor St. W, Suite 1101, Toronto ON, M5S 2V1**

**SCHEDULE D**  
**FORM OF CONFIRMATION OF SECURITY INTEREST IN INTELLECTUAL**  
**PROPERTY**

WHEREAS:

● (the "Debtor"), a corporation incorporated and existing under the laws of ● with offices at [address], is the owner of the [trade-marks/patents/copyrights/industrial designs] set forth in Exhibit A hereto, the registrations and applications for the [trade-marks/patents/copyrights/industrial designs] identified therein and the underlying goodwill associated with such [trade-marks/patents/copyrights/industrial designs] (collectively, the "[Trade-Marks/Patents/Copyrights/Industrial Designs]"); and

● (the "Secured Creditor"), with offices at [address], has entered into an agreement with the Debtor, as reflected by a separate document entitled the "Security Agreement" dated as of the [●] day of ●, 2008 by which the Debtor granted to the Secured Creditor, a security interest in certain property, including the [Trade-Marks/Patents/Copyrights/Industrial Designs], in consideration of the provision of certain credit facilities to certain companies which are the wholly-owned subsidiaries of the Debtor;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged and in accordance with the terms and obligations set forth in the Security Agreement, the Debtor confirms the grant to the Secured Creditor of a security interest in and to the [Trade-Marks/Patents/Copyrights/Industrial Designs].

DATED at Toronto on this [●] day of [●], [●].

[OBLIGOR]

Per: \_\_\_\_\_  
Authorized Signing Officer

DATED at Toronto on this [●] day of [●], [●], before me appeared and the person who signed this instrument, who acknowledged that [he/she] signed it as a free act on [his/her] behalf or on behalf of the corporation identified and referred to herein as the Debtor.

\_\_\_\_\_  
[Signature of Notary Public/Witness]

**EXHIBIT A**  
**TRADE-MARKS/PATENTS/COPYRIGHTS/INDUSTRIAL DESIGNS**



**ACKNOWLEDGEMENT, AGREEMENT AND  
CONFIRMATION OF THE CORPORATION AND THE GUARANTOR**

To: WF FUND III LIMITED PARTNERSHIP, carrying on business as WELLINGTON FINANCIAL LP and WELLINGTON FINANCIAL FUND III (the "Purchaser").

WHEREAS the Purchaser subscribed for and agreed to purchase \$4,250,000 aggregate principal amount of Series A secured debentures and Series A Special Warrants (as hereinafter defined) of HEALTHSCREEN SOLUTIONS INCORPORATED (the "Corporation") pursuant to a subscription agreement dated May 15, 2008 between the Purchaser and the Corporation (the "Series A Subscription Agreement");

AND WHEREAS the Purchaser purchased and the Corporation issued Series A secured debentures in the aggregate principal amount of \$4,250,000 (the "Series A Debentures") and 4,811,321 Series A special warrants of the Corporation (the "Series A Special Warrants" and collectively with the Series A Subscription Agreement and the Series A Debentures, the "Series A Documents") to the Purchaser on May 15, 2008 pursuant to the Series A Subscription Agreement;

AND WHEREAS the Corporation has executed and delivered a security agreement in favour of the Purchaser dated May 15, 2008 (the "Corporation Security");

AND WHEREAS Medical Telecom Corp. (the "Guarantor") has executed in favour of the Purchaser a guarantee of the indebtedness, liabilities and obligations of the Corporation to the Purchaser dated May 15, 2008 (the "Guarantee");

AND WHEREAS the Guarantor has executed and delivered a security agreement (the "Guarantor Security") in favour of the Purchaser dated May 15, 2008;

AND WHEREAS, Purchaser has subscribed for and agreed to purchase \$550,000 aggregate principal amount of Series B secured debentures of the Corporation pursuant to a subscription agreement dated the date hereof between the Purchaser and the Corporation (the "Series B Subscription Agreement"), and pursuant to which the Purchaser purchased and the Corporation issued Series B secured debentures in the aggregate principal amount of \$550,000 (the "Series B Debentures" and together with the Series B Subscription Agreement, the "Series B Documents") and Bonus Shares (as defined therein) to the Purchaser on the date hereof;

AND WHEREAS it is a condition of the Series B Documents that the Corporation and the Guarantor enter into this agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Corporation and the Guarantor hereby acknowledges and agrees to, with and in favour of the Purchaser as follows:

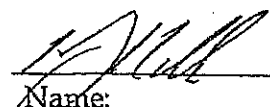
- (1) The recitals contained herein are true and correct as of the date hereof.
- (2) The Corporation Security shall continue in full force and effect and stand as security for the payment and performance of all past, present and future indebtedness, liabilities and obligations of the Corporation to the Purchaser, including, without limitation, all past, present and future indebtedness, liabilities and obligations of the Corporation to the Purchaser arising pursuant to or in respect of the Series B Documents, the Series A Documents and any other Transaction Document (as defined in the Series A Debenture and the Series B Debenture).
- (3) The Guarantor hereby consents to the execution and delivery of the Series B Documents and agrees that, following the execution and delivery of the Series B Documents:
  - (a) the Guarantee executed by the Guarantor in favour of the Purchaser shall remain in full force and effect and, without in any way limiting the scope of the indebtedness, liabilities and obligations guaranteed thereby, the Guarantee shall, subject to the restrictions contained therein, cover, extend to and constitute a Guarantee of any and all past, present and future indebtedness, liabilities and obligations of the Corporation to the Purchaser arising pursuant to or in respect of the Series B Documents, the Series A Documents and any other Transaction Document (as defined in the Series A Debenture and the Series B Debenture); and
  - (b) the Guarantor Security executed by the Guarantor in favour of the Purchaser shall remain in full force and effect and, without in any way limiting the scope of the indebtedness, liabilities and obligations secured thereby, the Guarantor Security shall constitute to stand as security for the payment and performance of all of its past, present and future indebtedness, liabilities and obligations to the Purchaser arising pursuant to or in respect of the Guarantee executed by the Guarantor in favour of the Purchaser.
- (4) The Corporation and the Guarantor shall do and perform such further and other acts and execute and deliver such further and other agreements and instruments as may be requested by the Purchaser from time to time to carry out and effect the intent and purpose of this agreement.
- (5) If one or more of the provisions contained herein is determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Where the context so requires, a word used herein importing the singular shall include the plural and vice versa and a word used herein importing gender shall include all genders.

- (6) This agreement shall not be assigned to any other Person (as defined in the Series B Subscription Agreement) by the Corporation or the Guarantor without the prior written consent of the Purchaser, which consent may be arbitrarily withheld. This agreement may be assigned by the Purchaser to any other Person (as defined in the Series B Subscription Agreement) in connection with an assignment of the Series B Documents and, in such event, such Person will be entitled to all of the rights of the Purchaser as set forth in this agreement.
- (7) This agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (8) This agreement shall enure to the benefit of the Purchaser and shall be binding on the Corporation and the Guarantor and their respective successors and assigns.
- (9) This agreement may be executed in any number of counterparts, and by different parties hereto on separate counterpart signature pages, whether by facsimile, PDF or otherwise, and all such counterparts taken together shall be deemed to constitute one and the same instrument.
- (10) No amendment, modification, termination or waiver of any provision of this agreement shall be effective unless in writing and signed by the Purchaser.


*[Signature page follows]*

DATED as of the 7<sup>th</sup> day of April, 2009.

HEALTHSCREEN SOLUTIONS  
INCORPORATED

By:   
Name:  
Title: Ken J. Killin  
Chief Financial Officer

MEDICAL TELECOM CORP.

By:   
Name:  
Title: