

ENGAGEMENT AGREEMENT

BETWEEN:

[Name of Business Brokerage]
("Broker")

AND:

[Company Name of Seller]

And:

_____ **[Individual name]**

And:

_____ **[Individual name]**

(severally, collectively and individually referred to in this Engagement Agreement as the "Seller")

1. Purpose:

The Seller hereby engages the Broker as its non-exclusive agent for the purposes specified in this Agreement, and grants to Broker the non-exclusive rights to sell all of **[the shares or assets (detail shareholding as necessary (the shares)) of [Insert Seller Company Name]**, also known as **[Insert Seller Business Name]**, and collectively and individually referred to in this Engagement Agreement as the "Business" located at **[Insert Address of Seller's Business]**. The Business is a Corporation under the *Business Corporations Act*, and the shareholders have passed a Shareholder's Resolution authorizing the sale of their Shares and the Business **[or otherwise as appropriate]**.

2. Parties:

The Seller represents and warrants that he/she/it has full and absolute authority to enter into this Agreement on behalf of the Business and the Seller. The Broker represents and warrants that it is an independent contractor and agent, and has authority to enter into this Agreement.

3. Obligations:

The Broker will make customary and reasonable efforts to obtain a satisfactory Buyer for the Business or the Shares. The Broker will conduct all negotiations related to the sale of the Business, subject to the Seller's direction, review and final approval.

The Seller will at the Sellers cost, instruct legal and accounting advisors to act for the Seller and the business, as appropriate, to advice on all matters relative to a potential closing or sale of the business.

4. Transaction Fees:

The Seller will pay Broker the Transaction Fees as set out in Appendix 1 – Transaction Fees which forms part of this Agreement.

5. Listing Memorandum:

When the Seller has determined a Listing Price, and the Broker has received sufficient information to market the Business, the Seller and Broker will execute a Listing Memorandum.

6. Term:

The term of the Agreement is twelve (12) months commencing upon the Seller's execution of the Listing Memorandum.

7. Indemnification:

The Seller represents and warrants to the Broker:

- a. that all information furnished to Broker and potential Buyers will be true and complete and contain no material omissions.
- b. that the Seller will defend and hold the Broker harmless against all losses, claims, damages, liabilities and expenses, including, without limitation, reasonable lawyer's fees and court costs, which the Broker or Broker may incur as a result of a breach of the foregoing representation and warranty.

8. Legal and Accounting Disclosure:

The Broker will not provide accounting, financial or legal services, nor will the Broker perform due diligence on behalf the Seller or Buyer. Due to the complex legal and financial aspects of the sale of the business, the Seller is advised by the Broker to obtain counsel from legal, accounting or other professionals in order to make an informed decision regarding the sale of the Business.

9. Confidentiality:

All personal and other information provided by the Seller to the Broker will be used for the sole purpose of selling the Business. Such information may be shared with anyone deemed appropriate by the Broker who wishes to assess the purchase of the Business, and to anyone deemed necessary by the Broker to consummate the sale of the Business.

10. Monies in Trust:

The Seller authorizes the Broker to accept money received from potential buyers as a deposit against a purchase, and the Seller agrees to execute such reasonable trust fund agreements and instructions as the Broker may request.

In the event of forfeiture of a deposit by a Buyer, the deposit will be paid 50% to Broker and 50% to the Seller.

11. Continuity of Agreement:

It is anticipated that the Business will be sold as a share sale, but in the event the Seller proceeds with an asset sale, this Agreement will continue in force under the same terms and conditions.

12. Dual Agency:

The Seller acknowledges that the Broker may represent the interests of both the Seller and a Buyer, and that there may be a Dual Agency.

The meaning of Dual Agency has been explained to the Seller, and the Seller has read, understands and consents to Appendix 2 to this Agreement – “Understanding Dual Agency”.

13. General:

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

14. Governing Law/Jurisdiction:

This Agreement is governed and construed in accordance with the laws of the Province of British Columbia.

Execution:

This Agreement is dated the ____ day of _____, 2009.

Authorized signatory of the Seller:

Authorized Signatory of Broker:

Appendix 1- Transaction Fees

With the execution of this Engagement Agreement with Bravado Business Brokers Inc., the Seller will commit to pay transaction fees to Broker, calculated as follows:

1. The Seller will pay Broker a fee equal to _____ of the first \$1 million of the Total Sales Price of the business as defined in this schedule, but in no event less than _____.
2. If the Total Consideration exceeds \$1 million, the Seller will pay Broker an additional fee calculated as follows:
 - 10% of the Second Million
 - 8% of the Third Million
 - 6% of the Fourth Million
 - 4% of the Fifth Million,or an aggregate average of the above as agreed to by Broker and Seller. The transaction fees are subject to applicable GST.
3. The transaction fees will be paid on the occurrence of one of the following:
 - a) the sale of all or a material portion of the Business, including without limitation any merger or consolidation during the term of the Engagement Agreement;
 - b) the sale, trade or other conveyance of the Business to anyone referred to the Seller by the Broker or Broker for a period of 18 months after the expiration or termination of the Engagement Agreement.
 - c) the termination or frustration of the Engagement Agreement by the Seller prior to the expiry of its term.
4. The fees will be considered earned upon the Seller's acceptance of an Offer to Purchase, and will be paid to Broker in full at the closing of the sale, and the Seller hereby grants Broker a security interest in the proceeds of the closing.
5. Total Consideration" is defined as the full value received by the Seller directly or indirectly from the sale of the Business, including but not limited to consideration received on Closing or post Closing, future bonuses, royalties, earned buy outs, shareholder loans, intangibles, accounts, and/or for inventory where included as part of the purchase; excluded for accounting purposes and/or through journal entries and/or including inventory received by the seller by barter, trade, consignment or on any form of deferred payment thereof.
6. The Seller authorizes and instructs the Buyer and anyone acting on behalf of the Buyer or Seller to pay the commission out of the cash proceeds of the sale and to the Broker, as requested, forthwith upon completion.

Appendix 2 – Understanding Dual Agency

The Agency Relationship

Business Brokers work within a legal relationship called agency. The agency relationship exists between you, your Broker, and Buyer.

The essence of the agency relationship is that the Broker has the authority to represent you, the principal, in dealings with others. Your Broker and the company he/she works for are legally obligated to protect and promote your interests as they would their own.

Specifically, the Broker has the following duties:

- 1) Protect the principal's negotiating position at all times and disclose all known facts which may affect or influence the principal's decision.
- 2) Perform all assigned duties and obey all lawful instructions given by the principal.
- 3) To maintain confidentiality, protect the principal's interests, and to exercise undivided loyalty to the principal.
- 4) To exercise reasonable care and skill in all the principal's business dealings.
- 5) To account for all money and property placed in a Broker's hands while acting for the principal.
- 6) To be honest and thorough in representing a business listed for sale.

Both buyer and seller can be represented by their own Brokers in a single agency relationship as in most real estate cases. However, in most cases where a business is being sold and bought, both the buyer and the seller are often represented by a single Broker and Company. This is called a "dual agency relationship" or a limited dual agency relationship in the case of two separate brokers within the same company.

UNDERSTANDING DUAL AGENCY

In a dual agency relationship, the Broker's loyalty may be divided between the buyer and seller who have conflicting interests. Accordingly, where there is a dual agency relationship: both parties consent, in writing, to a limited agency relationship.

The Broker maintains the following duties:

- 1) The Broker will represent both the buyer and the seller impartially.
- 2) The Broker will have fiduciary duties to both the buyer and the seller, including the duty to act honestly with both parties.
- 3) The Broker will have utmost fiduciary duty to the Seller since the Seller is paying the Broker through the commissions.
- 4) The Broker will disclose to the buyer defects about the physical condition of the

business or property known to the Broker.

The Broker will have a duty of disclosure to both buyer and seller with the following limitations:

- 5) The Broker will not disclose that the buyer is willing to pay a price or agree to terms other than those contained in the offer, or that the seller is willing to accept a price or terms other than those contained in the listing.
- 6) The Broker will not disclose the motivation of the buyer to buy or the seller to sell unless authorized to do so by the buyer or the seller.
- 7) The Broker will not disclose personal information not otherwise necessarily disclosed in the transaction documentation, about the buyer or seller to the other party unless authorized in writing.

In summary dual agency occurs when a Broker or Agent is representing both the buyer and the seller in the same transaction. Since the Broker has promised a duty of confidentiality, loyalty and full disclosure to both parties, it may be necessary to limit these duties. Accordingly, both parties are required to consent to a dual agency arrangement.

You, the client, can expect competent service from your Broker, knowing that the Broker and the company are bound by ethics governed by the International Business Brokers Association, The British Columbia Real Estate Services Act, The Standards of the Better Business Bureau, The Association of Canadian Business Intermediaries and the Broker internal Ethics Practice as well as the law.

Seller Acknowledgement:

I/We, _____, and _____ understand dual agency, and hereby consent to representation by Broker on a dual agency basis.

(Print Name)

(Signature)

(Print Name)

(Signature)

Dated the _____ of _____, 2009