



Island Investment Development Inc.
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Use of Proceeds Agreement

WHEREAS the Investee Corporation (as hereinafter defined) has applied to Island Investment Development Inc. for Eligible Investee Status under the Prince Edward Island Provincial Nominee Program ("PEI PNP");

AND WHEREAS Island Investment Development Inc. has accepted the Investee Corporation as an Eligible Investee under the PNP provided it agrees to certain condition precedents;

WITNESSETH that in consideration of Island Investment Development Inc. accepting the Investee Corporation as an Eligible Investee under the PEI PNP and for good and other valuable consideration, the Investee Corporation and the Principal Shareholder(s) do hereby agree and undertake as follows:

1. _____ ("Investee Corporation"), an eligible investee corporation under the PEI PNP, and _____ ("Principal Shareholder(s)") hereby agree and undertake that the net investment funds received by the Investee Corporation under the PEI PNP will be used in accordance with the Business Plan submitted by the Investee Corporation to Island Investment Development Inc. In Particular, the Investee Corporation agrees to utilize the net investment funds for the following:

- a) expansion of the business as described in the application for eligibility;
- b) to increase working capital excluding payment or distribution to shareholders by way of wages, dividends, or distribution of any kind; and ("Conditions of Approval")
- c) to repay short or long term debt. ("Excluding shareholder debt")

2. In support of this undertaking, if the net investment proceeds received by the Investee Corporation under the PEI PNP, within two (2) years of receipt of same, are not used in material compliance with the Business Plan submitted by the Investee Corporation to Island Investment Development Inc. or with the Conditions of Approval, the Investee Corporation and the Principal Shareholder(s) agree and promise to pay to Island Investment Development Inc., on demand, a penalty of up to \$55,000.00 for each investment unit received by the Investee Corporation under the PEI PNP.

3. The Investee Corporation and the Principal Shareholder(s) further agree that the determination as to whether the net investment proceeds have been used in material compliance with the Business Plan submitted by the Investee Corporation to Island Investment Development Inc. and with the Conditions of Approval shall rest solely with Island Investment Development Inc.

4. The Investee Corporation and the Principal Shareholder(s) shall, upon demand of Island Investment Development Inc., forward to them any and all financial statements and such other supporting documents as are reasonably required by Island Investment Development Inc. to determine whether in fact the net investment funds have been used by the Investee Corporation in accordance with this Agreement.

5. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns.

DATED this _____ day of _____, 2008 at Charlottetown, in Queens County, Province of Prince Edward Island.

SIGNED, SEALED AND DELIVERED)

(Investee Company)

In the presence of: _____)

)

_____)

Per: _____

Name: _____)

President

Address: _____)

)

SIGNED, SEALED AND DELIVERED)

In the presence of: _____)

)

_____)

Name: _____)

Name:

Address: _____)

Address:

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