UNDERWRITING AGREEMENT

February 11, 2009

COM DEV International Ltd.
155 Sheldon Avenue
Cambridge, Ontario
N1R 7H6

Attention: John Keating,
Chief Executive Officer

Dear Sirs/Mesdames:

We understand that COM DEV International Ltd. (the "**Company**") proposes to issue and sell to the Underwriters (as defined below) 6,780,000 common shares in the capital of the Company (the "**Firm Shares**").

Upon and subject to the terms and conditions contained in this agreement and in reliance on the representations and warranties made herein, Genuity Capital Markets ("**Genuity**"), GMP Securities L.P. and Paradigm Capital Inc. (collectively, the "**Underwriters**" and each individually, an "**Underwriter**") hereby severally offer, in the respective percentages set out in section 18 of this agreement, to purchase from the Company, and by its acceptance of this agreement the Company hereby agrees to sell to the Underwriters, all but not less than all of the Firm Shares, at the purchase price of $2.95 per Firm Share, being an aggregate purchase price of $20,001,000. The Underwriters propose to distribute the Firm Shares in Canada pursuant to the Final Prospectus.

In consideration of the agreement of the Underwriters to purchase the Firm Shares and to offer them to the public, the Company agrees to pay to the Underwriters at the Time of Closing (as defined below) a fee equal to 5.00% (exclusive of federal goods and services tax, if applicable) of the purchase price for each of the Firm Shares sold by such party, or $0.1475 per Firm Share.

The Company further grants to the Underwriters an irrevocable right (the "**Over-Allotment Option**") to purchase, severally and not jointly, up to an additional 1,017,000 common shares in the capital of the Company (the "**Additional Shares**"), on the same basis (including the fee payable to the Underwriters per Additional Share) as the purchase of the Firm Shares. If Genuity, on behalf of the Underwriters, elects to exercise the Over-Allotment Option (which election may occur on no more than one occasion), Genuity shall notify the Company in writing not later than noon (Toronto time) on the 30th day following the Closing Date (as defined below), which notice shall specify the number of Additional Shares to be purchased by the Underwriters and the date and time at which such Additional Shares are to be purchased (the "**Over-Allotment Time of Closing**"). Such date may be the same as the Closing Date but not earlier than the later of: (i) the Closing Date, and (ii) three Business Days after the delivery date of such notice, nor later than five Business Days after the date of such notice. Additional Shares may be purchased solely for the purpose of covering over-allotments made in connection with the Offering of the Firm Shares, if any, and for market stabilization purposes. If any Additional Shares are purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Additional Shares (subject to such adjustments to eliminate fractional shares as Genuity may determine) that bears the same proportion to the total number of Additional Shares to be purchased as the number of Firm Shares being purchased by such Underwriter bears to the total number of Firm Shares purchased. In this agreement, references to "Closing Date" and "Time of Closing" include the Over-Allotment Time of Closing, unless the context otherwise requires. The Firm Shares and the Additional Shares are hereinafter referred to, collectively, as the "**Shares**".

Terms and Conditions

The following are additional terms and conditions of this agreement among the Company and the Underwriters.

1. Definitions.

Where used in this agreement, or in any amendment to this agreement, the following terms will have the following meanings, respectively:

1.1 "**affiliate**" means an affiliated entity for purposes of section 1.2 of Ontario Securities Commission Rule 45-501 under the *Securities Act* (Ontario), as constituted at the date of this agreement;

1.2 "**Business Day**" means a day other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Toronto, Ontario;

1.3 "**CDS**" has the meaning given to that term in section 11.2 of this agreement;

1.4 "**Closing Date**" means February 26, 2009 or any earlier or later date as may be agreed to in writing by the Company and Genuity on behalf of the Underwriters, each acting reasonably;

1.5 "**Company's Intellectual Property Assets**" means all Intellectual Property Assets used by the Company and its subsidiaries in carrying on their businesses, as described in the Preliminary Prospectus, Final Prospectus and Supplementary Material;

1.6 "**Continuing Underwriters**" has the meaning given to that term in section 18 of this agreement;

1.7 "**Defaulted Shares**" has the meaning given to that term in section 18 of this agreement;

1.8 "**distribution**" means distribution or distribution to the public, as the case may be, for the purposes of the Securities Laws or any of them;

1.9 "**Documents Incorporated by Reference**" means the documents specifically incorporated by reference into the Preliminary Prospectus, Final Prospectus and any Supplementary Material;

1.10 "**Final Prospectus**" means the final short form prospectus of the Company, which will qualify the distribution of the Shares and the Over-Allotment Option in each of the Qualifying Provinces (in both the English and French languages unless the context indicates otherwise) and, for greater certainty, also includes all other documents or information incorporated by reference in the Final Prospectus;

1.11 "**Final Receipt**" means a receipt for the Final Prospectus issued in accordance with the Passport System;

1.12 "**Financial Information**" means the Company's consolidated financial information included in the Documents Incorporated by Reference, together with any auditors' reports thereon and the notes thereto;

1.13 "**Governmental Body**" means any (i) multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the foregoing, or (iii) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, including but not limited to the Securities Commissions and the TSX;

1.14 "**Indemnified Party**" has the meaning given to that term in section 13.1 of this agreement;

1.15 "**Indemnifying Parties**" has the meaning given to that term in section 13.1 of this agreement;

1.16 "**Intellectual Property Assets**" means any intellectual property and Technology used in the course of the businesses of the Company and its subsidiaries, including but not limited to: (i) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, invention disclosures, together with all reissue, divisional, continuation or continuation-in-part applications, revisions, extensions and reexaminations thereof; (ii) all trade-marks, trade dress, logos, trade-names, business names, corporate names and domain names together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith and all applications, registrations, and renewals in connection therewith; (iii) all copyrightable works, all copyrights, and all applications, registrations and renewals in connection therewith; (iv) all industrial designs, applications, registrations and renewals associated therewith; (v) all proprietary or confidential information and trade secrets and know-how; (vi) all computer software (including data and related documentation); (vii) all copies and tangible embodiments of the foregoing (in whatever form or medium) and (viii) all common law statutory and contractual rights to the intellectual property and Technology referred to above;

1.17 "**Intellectual Property Rights**" means all patent rights, trade-marks, copyright, industrial designs, trade-names and other intellectual property rights;

1.18 "**Law**" means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, binding on or affecting the Person referred to in the context in which the word is used;

1.19 "**Licenses**" has the meaning given to that term in section 8.12 of this agreement;

1.20 "**Liens**" means, with respect to any property or assets, any encumbrance or title defect of whatever kind or nature, regardless of form, whether or not registered or registrable and whether or not consensual or arising by law (statutory or otherwise), including any mortgage, lien, charge, pledge or security interest, whether fixed or floating, or any assignment, lease, option, right of preemption, privilege, encumbrance, easement, servitude, right of way, community property right, restriction on transfer, restrictive covenant, right of use or any other right or claim of any kind or nature whatever which affects ownership or possession of, or title to, any interest in, or the right to use or occupy such property or assets;

1.21 "**Material Adverse Effect**" or "**Material Adverse Change**" means any effect on or change to the business of the Company and its subsidiaries, taken as a whole, that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, liabilities (contingent or otherwise), cash flow, income or business operations or prospects of such business, taken as a whole, or to the transactions contemplated by this agreement;

1.22 "**material change**" means a material change for the purposes of the Securities Laws or any of them or where undefined under the applicable Securities Laws of a jurisdiction and when used in respect of the Company and its subsidiaries means a change in the business, operations or capital of the Company or its subsidiaries that would reasonably be expected to have a significant effect on the market price or value of any of the Shares and includes a decision to implement such a change made by the board of directors of the Company or by senior management of the Company where they believe that confirmation of the decision by the board of directors of the Company is probable;

1.23 "**material fact**" means a material fact for the purposes of the Securities Laws or any of them or where undefined under the applicable Securities Laws of a jurisdiction means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price, value or marketability of the Shares;

1.24 "**misrepresentation**" means a misrepresentation for the purposes of the Securities Laws or any of them or where undefined under the applicable Securities Laws of a jurisdiction means (i) an untrue statement of a material fact or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made;

1.25 "**Offering Documents**" has the meaning given to that term in section 5.2 of this agreement;

1.26 "**Passport System**" means the passport system procedures for prospectus filing and review under Multilateral Instrument 11-102 and National Policy 11-202;

1.27 "**Person**" includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, Governmental Body or other organization or entity, whether or not a legal entity, however designated or constituted;

1.28 "**Preliminary Receipt**" means a receipt for the Preliminary Prospectus issued in accordance with Passport System;

1.29 "**Preliminary Prospectus**" means the short form preliminary prospectus of the Company dated February 11 relating to the proposed distribution of the Shares and the Over-Allotment Option in each of the Qualifying Provinces (in both the English and French languages) and, for greater certainty, also includes all other documents or information incorporated by reference in the Preliminary Prospectus,

1.30 "**Principal Subsidiaries**" means COM DEV Ltd., COM DEV Europe Ltd. and COM DEV USA LLC;

1.31 "**Prospectuses**" means the Preliminary Prospectus and the Final Prospectus;

1.32 "**Qualifying Provinces**" means, collectively, each of the provinces of Canada;

1.33 "**Refusing Underwriter**" has the meaning given to that term in section 18 of this agreement;

1.34 "**Securities Commission**" means the applicable securities commission or regulatory authority in each of the Qualifying Provinces;

1.35 "**Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Provinces and the respective regulations and rules made under those securities laws together with all applicable policy statements, blanket orders and rulings of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this agreement and the securities legislation and policies of each other relevant jurisdiction together with applicable published policy statements of the Canadian Securities Administrators;

1.36 "**Selling Firms**" has the meaning given to that term in section 4.1 of this agreement;

1.37 "**Standard Listing Conditions**" has the meaning given to that term in section 5.4.2 of this agreement;

1.38 "**subsidiary**" means a subsidiary for purposes of section 1.2 of Ontario Securities Commission Rule 45-501 under the *Securities Act* (Ontario), as constituted at the date of this agreement;

1.39 "**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus, the Final Prospectus, any amended or supplemental prospectus or ancillary materials (each in the English and French languages) that may be filed by or on behalf of the Company under the Securities Laws or any other applicable laws relating to the transactions contemplated herein or therein;

1.40 "**Tax Act**" means the *Income Tax Act* (Canada);

1.41 "**Technology**" means, without limitation, any information of a scientific, or technical, or business nature relating to the business regardless of its form. Without limiting the generality of the foregoing, "**Technology**" shall include all research data, technical information, trade secrets, know-how, confidential information, processes, methods of testing, methods of production, drawings, blue prints, patterns, plans, flow sheets, equipment, instruments, and parts lists and descriptions and related instructions, computer systems, computer subsystems, computer programs, software, firmware and computer code, manuals, data, records and procedures;

1.42 "**Terminating Underwriter**" has the meaning given to that term in section 16.1 of this agreement;

1.43 "**Time of Closing**" means 9:00 a.m. (Toronto time) on the Closing Date, or any other time on the Closing Date as may be agreed to by the Company and the Underwriters;

1.44 "**Transfer Agent**" means Computershare Trust Company of Canada; and

1.45 "**TSX**" means the Toronto Stock Exchange.

Any reference in this agreement to a section, paragraph, subsection, subparagraph, clause or subclause will refer to a section, paragraph, subsection, subparagraph, clause or subclause of this agreement.

All words and personal pronouns relating to those words will be read and construed as the number and gender of the party or parties referred to in each case required and the verb will be construed as agreeing with the required word and/or pronoun.

Any statement, representation or warranty, qualified by reference to the awareness, knowledge, information or belief of any person or any other similar expression is deemed to include an additional statement that it has been made with due and careful consideration after such person has made all reasonable enquiries and all such investigations as could reasonably be expected to be made or considered in the context of the offering of the Shares.

2. Attributes of the Shares.

The Shares to be sold under this agreement by the Company will be duly and validly created and issued by the Company and, when issued and sold by the Company, will have the attributes set out in the Final Prospectus and will be fully paid and non-assessable Common Shares.

3. Filing of Prospectus and Qualification of Shares.

3.1 The Company shall file the Preliminary Prospectus and other documents required under Securities Laws with the Securities Commissions and obtain the appropriate Preliminary Receipt from the Securities Commissions as soon as possible and not later than 5:00 p.m. (Toronto time) on February 11, 2009 (or such other time and/or later date as the Company and the Underwriters may agree).

3.2 The Company shall file the Final Prospectus and other documents required under Securities Laws with the Securities Commissions, obtain the Final Receipt from the Securities Commissions, and otherwise fulfill all legal requirements to enable the Shares to be offered and sold to the public in each of the Qualifying Provinces through the Underwriters or any other investment dealer or broker registered in the applicable Qualifying Province who complies with the relevant provisions of applicable Securities Laws, as soon as possible and not later than 5:00 p.m. (Toronto time) on February 19, 2009 (or such other time and/or later date as the Company and the Underwriters may agree).

3.3 Until the date on which the distribution of the Shares is completed, the Company will promptly take, or cause to be taken, all additional steps and proceedings that may from time to time be required under the Securities Laws to continue to qualify the distribution of the Shares or, in the event that the Shares have, for any reason, ceased so to qualify, to so qualify again the Shares, as applicable, for distribution.

3.4 Prior to the filing of the Preliminary Prospectus and the Final Prospectus and during the period of distribution of the Shares and prior to the filing with any Securities Commissions of any Supplementary Material, the Company shall allow the Underwriters and the Underwriters' counsel to participate fully in the preparation of, and to approve the form of such documents.

3.5 During the period from the date hereof until completion of the distribution of the Shares, the Company shall allow the Underwriters to conduct all due diligence which they may reasonably require in order to fulfill their obligations as underwriters prior to filing the Preliminary Prospectus and the Final Prospectus and, if applicable, Supplementary Material and, if requested by the Underwriters, immediately prior to the end of the distribution of the Shares.

4. Distribution and Certain Obligations of Underwriters.

4.1 The Underwriters shall distribute the Shares to the public in Canada directly and through other investment dealers and brokers, only as permitted by Securities Laws and upon the terms and conditions set forth in the Preliminary Prospectus and the Final Prospectus, any Supplementary Material and in this agreement. The Underwriters and such other investment dealers and brokers are collectively referred to herein as the "**Selling Firms**". The Underwriters will not directly sell or distribute any Shares in the United States. The Underwriters will not solicit offers to purchase or sell the Shares so as to require registration thereof or the filing of a prospectus or any similar document under the laws of any jurisdiction outside the Qualifying Provinces. Any agreements between the Underwriters and the other Selling Firms will contain similar restrictions to the foregoing and the Underwriters will use their commercially reasonable efforts to cause the Selling Firms to comply with applicable Securities Laws. For the purposes of this section, the Underwriters will be entitled to assume that the Shares are qualified for distribution in any Qualifying Province in respect of which a Final Receipt evidences that a receipt or similar document for the Final Prospectus has been obtained from the applicable Securities Commission following the filing of the Final Prospectus unless the Underwriters receive notice to the contrary from the Company or the applicable Securities Commission.

4.2 The Underwriters will complete and will use their reasonable commercial efforts to cause the Selling Firms (if any) to complete the distribution of the Shares as promptly as possible after the Time of Closing. The Underwriters will notify the Company when, in the Underwriters' opinion, the Underwriters and the Selling Firms (if any) have ceased distribution of the Shares and, promptly after completion of the distribution, will provide the Company, in writing, with a breakdown of the number of Shares distributed in each of the Qualifying Provinces where that breakdown is required by the Securities Commission of that province for the purpose of calculating fees payable to that Securities Commission.

4.3 No Underwriter will be liable to the Company under this section 4 with respect to a default by any of the other Underwriters or Selling Firms, as the case may be.

5. Delivery of Prospectus and Related Matters.

5.1 The Company shall deliver or cause to be delivered to the Underwriters and the Underwriters' counsel the documents set out below at the respective times indicated:

5.1.1 prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of the Preliminary Prospectus and Final Prospectus:

5.1.1.1 copies of the Preliminary Prospectus and the Final Prospectus, each in the English and French languages, signed as required by the Securities Laws;

5.1.1.2 copies of any Documents Incorporated by Reference therein which have not previously been delivered to the Underwriters; and

5.1.1.3 copies of any other document filed or required to be filed by the Company under the Securities Laws in connection with the offering of the Shares contemplated by the Preliminary Prospectus or the Final Prospectus;

5.1.2 as soon as practicable and in any event within 48 hours of filing, at the offices in the cities designated by the Underwriters, such number of commercial copies of the English and French language versions of the Preliminary Prospectus and the Final Prospectus, as applicable. In addition, the Company shall, as soon as possible following a request, deliver or cause to be delivered to the Underwriters such additional commercial copies of the Preliminary Prospectus and the Final Prospectus in such numbers and in such cities as the Underwriters may reasonably request from time to time; and

5.1.3 as soon as they are available, copies of the English and French language versions of any Supplementary Material required to be filed under any of the Securities Laws, signed as required by the Securities Laws.

5.2 Each delivery of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material (collectively, the "**Offering Documents**") will constitute the Company's consent to the use of the Offering Documents by the Underwriters and the Selling Firms for the distribution of the Shares in the Qualifying Provinces in compliance with the provisions of this agreement and the Securities Laws.

5.3 Each delivery of the Offering Documents to the Underwriters by the Company in accordance with section 5.1 will constitute the representation and warranty of the Company to the Underwriters that (except for the information and statements relating solely to the Underwriters and furnished by them specifically for use in such document), at the respective times of delivery and, in the case of the Final Prospectus together with Supplementary Material, if any, at the Time of Closing:

5.3.1 the information and statements contained in each of the Offering Documents:

5.3.1.1 are true and correct in all material respects and contain no misrepresentation; and

5.3.1.2 constitute full, true and plain disclosure of all material facts relating to the Shares and to the Company and its subsidiaries, considered as a whole, all as required by the Securities Laws;

5.3.2 no material fact has been omitted from any of the Offering Documents which is required to be stated in the document or is necessary to make the statements therein not misleading in the light of the circumstances in which they were made;

5.3.3 all financial statements that are required by National Instrument 44-101 have been included or incorporated by reference in the Offering Documents; and

5.3.4 each of the Offering Documents complies in all material respects with applicable Securities Laws.

5.4 The Company will deliver to the Underwriters, without charge, in Toronto, Ontario, contemporaneously with or prior to the filing of the Final Prospectus, as the case may be, unless otherwise indicated:

5.4.1 a copy of any document required to be filed by the Company under the Securities Laws in connection with the offering of the Shares contemplated by this agreement;

5.4.2 evidence satisfactory to the Underwriters of the approval of the listing and posting for trading on the TSX of the Shares, subject only to satisfaction by the Company of customary post-closing conditions imposed by the TSX in similar circumstances (the "**Standard Listing Conditions**");

5.4.3 a "long-form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Underwriters, addressed to the Underwriters and the board of directors of the Company from Ernst & Young LLP, and based on a review completed not more than two Business Days prior to the date of the letter, with respect to certain financial and accounting information relating to the Company and its subsidiaries in the Final Prospectus, which letter shall be in addition to the auditors' reports contained in the Final Prospectus and any auditors' comfort letters addressed to the Securities Commissions;

5.4.4 at the time of delivery to the Underwriters of the French language version of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, as applicable, an opinion of Québec counsel to the Company, addressed to the Underwriters, the Company and their respective counsel in form and substance satisfactory to the Underwriters, acting reasonably, and dated the date of the Preliminary Prospectus, the Final Prospectus or the Supplementary Material, as applicable, to the effect that the French language version thereof (including Documents Incorporated by Reference, but excluding the Financial Information and the information appearing in the Preliminary Prospectus and the Final Prospectus under the headings "Consolidated Capitalization" and "Auditors' Consent" which is the subject of the opinions of the auditors referred to below, as to which no opinion need be expressed by Québec counsel) is in all material respects a complete and proper translation of the English language version thereof and is not susceptible to any materially different interpretation with respect to any material matter contained therein; and

5.4.5 at the time of delivery to the Underwriters of the French language version of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, as applicable, an opinion from Ernst & Young LLP, addressed to the Underwriters, the Company and their respective counsel in form and substance satisfactory to the Underwriters, acting reasonably, and dated the date of the Preliminary Prospectus, the Final Prospectus or any Supplementary Material, as applicable, to the effect that the French translation of the Financial Information and the information appearing in the Preliminary Prospectus and the Final Prospectus under the headings "Consolidated Capitalization" and " Auditors' Consent ", is in all material respects a complete and proper translation of the English language version and is not susceptible to any materially different interpretation with respect to any material matter contained therein.

5.5 Opinions, comfort letters and other documents substantially similar to those referred to in sections 5.3 and 5.4 of this agreement will be delivered to the Underwriters, the Company and their respective counsel, as applicable, with respect to any Supplementary Material or other relevant document, concurrently with the filing of the Supplementary Material or other relevant document.

5.6 During the period commencing on the date hereof and until completion of the distribution of the Shares, the Company will promptly provide to the Underwriters drafts of any press releases of the Company for review by the Underwriters and the Underwriters' counsel prior to issuance, provided that any such review will be completed in a timely manner.

5.7 Prior to the filing of the Preliminary Prospectus and thereafter and prior to the filing of the Final Prospectus or any Supplementary Material and the Time of Closing, the Company has allowed or will allow the Underwriters to participate fully in the preparation of such documents and has allowed or will allow the Underwriters and their advisors and representatives to conduct all due diligence investigations which they may reasonably require in order to fulfill their obligations as underwriters and in order to enable them to execute the certificate required to be executed by them in the Preliminary Prospectus, the Final Prospectus and any Supplementary Material.

6. Material Change.

6.1 The Company will promptly inform the Underwriters in writing during the period prior to the completion of the distribution of the Shares of the full particulars of:

6.1.1 any change (whether actual, anticipated, contemplated or proposed by, or threatened against, the Company or its subsidiaries and whether financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, prospects, operations, capital or control of the Company and its subsidiaries, considered as a whole, that would be material to the Company and its subsidiaries, considered as a whole;

6.1.2 any material fact which has arisen or has been discovered and would have been required to have been stated in the Offering Documents had that fact arisen or been discovered on, or prior to, the date of any of the Offering Documents; or

6.1.3 any change in any material fact or any misstatement of any material fact contained in any of the Offering Documents or any event, development or state of facts that has occurred after the date of this agreement, which, in any case, is of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents including as a result of any of the Offering Documents containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not false or misleading in the light of the circumstances in which it was made or which would result in any of the Offering Documents not complying in all material respects with the Securities Laws.

6.2 The Company will comply with section 57 of the *Securities Act* (Ontario) and with the comparable provisions of the Securities Laws of the other Qualifying Provinces or any other applicable Laws, and the Company will prepare and will file promptly at the request of the Underwriters any Supplementary Material which, in the opinion of the Underwriters, acting reasonably, may be necessary or advisable, and will otherwise comply with all legal requirements necessary to continue to qualify the Shares for distribution in each of the Qualifying Provinces.

6.3 In addition to the provisions of sections 6.1 and 6.2, the Company will, in good faith, discuss with the Underwriters any change, event, development or fact contemplated in sections 6.1 and 6.2 which is of such a nature that there may be reasonable doubt as to whether notice should be given to the Underwriters under section 6.1 and will consult with the Underwriters with respect to the form and content of any Supplementary Material proposed to be filed by the Company, it being understood and agreed that no such Supplementary Material will be filed with any Securities Commission prior to the review and approval by the Underwriters and their counsel, acting reasonably.

6.4 During the period commencing on the date hereof until the Underwriters notify the Company of the completion of the distribution of the Shares, the Company will promptly inform the Underwriters of the full particulars of:

6.4.1 any request of any Securities Commission for any amendment to the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or for any additional information in respect of the offering of the Shares;

6.4.2 the receipt by the Company of any material communication, whether written or oral, from any Securities Commission, the TSX or any other competent authority, relating to the Preliminary Prospectus, the Final Prospectus or the distribution of the Shares;

6.4.3 any notice or other correspondence received by the Company from any Governmental Body requesting any information, meeting or hearing relating to the Company, its subsidiaries, the offering, the issue and sale of the Shares or any other event or state of affairs, that the Company reasonably believes would have a Material Adverse Effect; or

6.4.4 the issuance by any Securities Commission, the TSX, or any other competent authority of any order to cease or suspend trading or distribution of any securities of the Company or of the institution, threat of institution of any proceedings for that purpose or any notice of investigation that could potentially result in an order to cease or suspend trading or distribution of any securities of the Company.

7. Regulatory Approvals.

7.1 The Company will file or cause to be filed with the TSX all necessary documents and will take or cause to be taken all necessary steps to ensure that the Shares have been approved for listing for trading on the TSX, prior to the filing of the Final Prospectus with the Securities Commissions, subject only to satisfaction by the Company of the Standard Listing Conditions.

7.2 The Company will make all necessary filings, take all necessary steps and pay all filing fees required to be paid in connection with the transactions contemplated in this agreement.

8. Representations and Warranties of the Company.

The Company represents and warrants to, and agrees with, the Underwriters that:

8.1 the Company has no equity interest in any Person other than the Principal Subsidiaries, Kang Da Limited, COM DEV Europe Limited, COM DEV Consulting Ltd., COM DEV USA, LLC, COM DEV US Property, LLC and Xian COM DEV Microwave Electronics Ltd. and certain other subsidiaries which are not active (“**Inactive Subsidiaries**”) and neither carry on business nor own any assets other than in a nominal amount (collectively, "**its subsidiaries**");

8.2 each of the Company and its subsidiaries has been duly incorporated, continued or amalgamated and organized and is validly existing under the laws of its jurisdiction of incorporation, continuance, amalgamation or organization, as applicable, and has all requisite power, capacity and authority to own its properties and assets and to carry on its business and affairs as currently conducted and as disclosed in the Preliminary Prospectus and the Final Prospectus, and the Company has all requisite power, capacity and authority to enter into and deliver this agreement and to perform its obligations hereunder;

8.3 each of the Company and its subsidiaries (other than Inactive Subsidiaries) are duly registered, licensed or qualified to carry on business in each jurisdiction in which it carries on business;

8.4 the Company is the beneficial owner and registered holder of all of the outstanding securities, directly or indirectly, of its subsidiaries, free and clear of any encumbrances;

8.5 the Company is a reporting issuer not in default under all applicable Securities Laws in each of the Qualifying Provinces and the respective rules and regulations under such laws and is in compliance with its obligations thereunder in all material respects and there has been no material change (within the meaning of such term under Securities Laws relating to the Company which has occurred since October 31, 2008 and with respect to which the requisite material change report has not been filed on a non-confidential basis with the Securities Commissions except to the extent that the offering contemplated hereby may constitute a material change;

8.6 (i) as of their respective dates, the Preliminary Prospectus, the Final Prospectus and any Supplementary Materials will comply in all material respects with all applicable Securities Laws and, during the period of distribution of the Shares, the Final Prospectus and any Supplementary Materials will comply in all material respects with Securities Laws; (ii) as of their respective dates, the Preliminary Prospectus, the Final Prospectus and any Supplementary Materials will constitute full, true and plain disclosure of all material facts relating to the Company and the Shares and will not contain a misrepresentation; and (iii) the documents incorporated by reference in the Preliminary Prospectus and the Final Prospectus, when filed with the Securities Commissions, complied with and will comply with Securities Laws; and any further documents so filed and incorporated by reference in the Preliminary Prospectus, the Final Prospectus or any Supplementary Materials, when such documents are filed with the Securities Commissions, will be prepared in accordance with Securities Laws;

8.7 there are no reports or information that in accordance with the requirements of Securities Laws must be made publicly available in connection with the offering of the Shares that have not been made publicly available as required (other than reports or information required to be made public after the date hereof pursuant to the Preliminary Prospectus or the Final Prospectus); there are no contracts or documents required to be filed with the Securities Commissions in connection with the Preliminary Prospectus or the Final Prospectus that have not been filed as required pursuant to Securities Laws and delivered to the Underwriters;

8.8 except as disclosed in the Preliminary Prospectus or the Final Prospectus, there is no action, suit, investigation, arbitration or proceeding by any Person or before any Governmental Body pending, or, to the knowledge of the Company threatened, against or affecting the Company or the Principal Subsidiaries or their businesses which, individually or in the aggregate, if determined adversely to the interest of the Company or the Principal Subsidiaries would have a Material Adverse Effect or which would impede or prevent the consummation of the transactions contemplated by this agreement;

8.9 the execution, delivery and performance by the Company of this agreement:

8.9.1 has been duly authorized by all necessary action on the part of the Company;

8.9.2 does not require the consent, approval, authorization, registration or qualification of or with any court, Governmental Body or other third party, except: (i) those which have been obtained (or will be obtained prior to the Time of Closing), (ii) those as may be required (and will be obtained prior to the Time of Closing) under applicable Securities Laws; or (iii) those which have not been obtained and would not have a Material Adverse Effect or would not impede or prevent the consummation of the transactions contemplated by this agreement;

8.9.3 does not (or will not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with or result in a default under, or allow any other Person to exercise any rights under:

8.9.3.1 any of the terms or provisions of the constating documents or resolutions of the board of directors (or any committee thereof) or resolutions of securityholders of the Company; or

8.9.3.2 any judgment, decree, order or award of any court, Governmental Body or arbitrator having jurisdiction over any of the Company or its subsidiaries, of which the Company or its subsidiaries are aware, or any agreement, license or permit necessary for the conduct of their businesses, to which any of the Company or its subsidiaries is a party or by which their businesses may be affected;

provided in each case, such breach, violation, conflict, default or rights would have a Material Adverse Effect;

8.9.4 will not result in the violation of any Law; and

8.9.5 will not, to the knowledge of the Company, give rise to any Lien on or with respect to the properties or assets now owned or hereafter acquired by the Company or its subsidiaries or the acceleration of or the maturity of any debt under any material indenture, mortgage, lease, agreement or instrument binding or affecting any of them or any of their properties;

8.10 this agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, arrangement and other similar laws affecting the enforcement of creditors' rights generally, and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and that rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable law;

8.11 all material contracts, agreements, leases and licences to which the Company and its subsidiaries carry on their businesses as described in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material constitute legal, valid and binding obligations of the parties thereto, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, arrangement and other similar laws affecting the enforcement of creditors' rights generally, and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;

8.12 the Company and each of its subsidiaries (other than Inactive Subsidiaries) has conducted and is conducting its business in compliance with all applicable Laws of each jurisdiction in which it carries on business (except where non-compliance with such Laws would not have a Material Adverse Effect), and holds all licences, registrations and qualifications (the "**Licences**") which are material to the Company and its subsidiaries, taken as a whole, in all jurisdictions in which it carries on business and the Licences are in good standing and there is no event that constitutes, or with the giving of notice, the lapse of time or the happening of any other event or condition, will constitute a default under the Licences and the Licences are in full force and effect, and have not been rescinded, terminated or otherwise nullified;

8.13 the Company and its subsidiaries (other than Inactive Subsidiaries) hold all permits, licences, approvals, consents, authorizations, registrations, certificates or franchises which are required, or which they are required to have, to own their property and assets and to carry on their businesses as described in the Preliminary Prospectus, the Final Prospectus or any Supplementary Material (collectively, the "**Permits**"). All Permits are in full force and effect; the Company and its subsidiaries are in compliance in all material respects with all the terms and conditions relating to the Permits; and there are no proceedings in progress, pending or threatened which may result in revocation, cancellation, suspension, rescission or any adverse modification of any of the Permits nor, to the Company's knowledge, are there any facts upon which such proceedings could reasonably be based;

8.14 neither the Company nor any of its subsidiaries is in material violation or breach of, or default under, and there exists no event, condition or occurrence which, with notice or passage of time or both, would constitute a material default under, or give rise to any termination rights under, any provision of any material contract, agreement, lease, licence, franchise, concession or Permit (as defined in section 8.13 above) to which the Company or any of its subsidiaries is a party or by which it is bound or is subject or of which it is a beneficiary;

8.15 the Company and its subsidiaries have good leasehold title or good title in fee simple to all real property and buildings and to material personal property used in connection with their businesses as described in the Preliminary Prospectus, Final Prospectus and any Supplementary Material; and all such leased real property is held by the Company and its subsidiaries under valid, existing and enforceable leases with such exceptions as do not interfere with the use made or proposed to be made of such property by the Company or its subsidiaries; and all real property and material personal property are owned free and clear of all material encumbrances and defects;

8.16 all the real and personal property of the Company and its subsidiaries used in their businesses as described in the Preliminary Prospectus, the Final Prospectus and any Supplementary Material are covered by fire and other insurance with responsible insurers against such risks and in such amounts as are reasonable for prudent owners of comparable assets, with reasonable deductibles. Neither the Company nor any of its subsidiaries is in default with respect to any of the provisions contained in any such policies of insurance and has not failed to give any notice or pay any premium or present any claim under any such insurance policy;

8.17 other than as set out in the Preliminary Prospectus or the Final Prospectus, to the knowledge of the Company, there is no agreement in force or effect which in any manner affects or will affect the voting or control of any of the securities of the Company;

8.18 the authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares, all without par value, and as at the date hereof there are 68,238,432 common shares validly issued and outstanding as fully paid and non-assessable, and no preferred shares issued or outstanding;

8.19 other than as set out in the Preliminary Prospectus or the Final Prospectus, none of the Company or its subsidiaries, directly or indirectly, holds any shares, other securities, options or rights to subscribe for shares or other securities of any corporation, partnership or other entity, other than securities held in the ordinary course of business;

8.20 except as disclosed in the Preliminary Prospectus or the Final Prospectus, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such (i) under which the Company, is, or may become, obligated to issue any of its securities or (ii) for the purchase of any security (including debt) of the Company or the Principal Subsidiaries or any part of their businesses;

8.21 other than as may be required under the Securities Laws or by the TSX, no consent, approval, authorization, order, registration or qualification of or with any court, Governmental Body or other third party is required for the sale and delivery of the Shares, as contemplated by this agreement, or the consummation by the Company of the other transactions contemplated by this agreement except as have been obtained;

8.22 other than as disclosed in the Preliminary Prospectus or the Final Prospectus, subsequent to the respective dates as of which information is given in the Preliminary Prospectus or the Final Prospectus:

8.22.1 there has not been any material change (actual, anticipated, proposed or prospective, whether financial or otherwise) in the investments, affairs, assets or liabilities (contingent or otherwise) of the Company or its subsidiaries;

8.22.2 there has not been any material change in the equity capitalization or long-term or short-term debt of the Company or its subsidiaries;

8.22.3 there has not been any material change in the business, business prospects, condition (financial or otherwise) or results of the operations of the Company or its subsidiaries; and

8.22.4 the Company and its subsidiaries have carried on their businesses in the ordinary course and in the manner described in the Preliminary Prospectus or the Final Prospectus;

8.23 the Transfer Agent at its principal office in Toronto has been the duly appointed registrar and transfer agent of the Company with respect to the Shares;

8.24 the form and terms of the certificate for the Shares have been approved and adopted by the board of directors of the Company and do not conflict with any applicable laws and comply with the rules of the TSX;

8.25 the Shares to be issued by the Company as described in this agreement and in the Preliminary Prospectus and the Final Prospectus will be at the Time of Closing duly created and, when issued, delivered and paid for in full, will be validly issued and fully paid common shares in the capital of the Company, and will not have been issued in violation of or subject to any pre-emptive rights or contractual rights to purchase securities issued by the Company;

8.26 the Financial Information has been prepared in accordance with Canadian generally accepted accounting principles and present fairly, in all material respects, the financial condition of the Company and its subsidiaries as at the dates referred to in such information;

8.27 neither the Company nor any of the Principal Subsidiaries has any outstanding liability, contingent or otherwise, and neither the Company nor any Principal Subsidiary was a party to or bound by any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the obligations, liabilities (contingent or otherwise) or indebtedness of any Person other than those reflected in the Financial Information, the indemnification and contribution provisions in this agreement or other liabilities in the ordinary course of business, consistent with past practice;

8.28 except as disclosed in the Preliminary Prospectus or the Final Prospectus, neither the Company nor any of its subsidiaries is currently prohibited, directly or indirectly, from paying any dividends, from making any other distribution on its capital stock, Shares or other securities, or from paying any interest or repaying any loans, advances or other indebtedness of the Company or its subsidiaries;

8.29 no Securities Commission or stock exchange has issued any order preventing or suspending the use of any of the Offering Documents or preventing or suspending the distribution of the Shares or the trading of securities of the Company generally and the Company is not aware of any investigation, order, inquiry or proceeding that has been commenced or which is pending, contemplated or threatened by any such authority;

8.30 the issued and outstanding common shares in the capital of the Company are listed on the TSX;

8.31 the Shares are not and at the Time of Closing will not be "foreign property" as defined in the Tax Act;

8.32 the attributes of the Shares are consistent in all material respects with the descriptions thereof in the Preliminary Prospectus and the Final Prospectus;

8.33 to the knowledge of the Company, other than the Underwriters and the Selling Firms, there is no Person acting or purporting to act at the request of the Company who is entitled to any brokerage or agency fee in connection with the sale of the Shares;

8.34 the books and records of the Company and the Principal Subsidiaries made available to the Underwriters, or their counsel, in connection with their due diligence investigations for the periods from their respective dates of creation, incorporation or amalgamation, as the case may be, to the date of examination thereof are the original books and records of the Company and the Principal Subsidiaries and contain copies of all proceedings (or certified copies thereof) of the shareholders, the board of directors and all committees of the board of directors of such entities and there have been no other meetings, resolutions or proceedings of the shareholders, board of directors or any committee of the board of directors to the date of review of such books and records not reflected in such books and records other than those which have been disclosed in writing to the Underwriters and their counsel;

8.35 except as disclosed in the Preliminary Prospectus or the Final Prospectus, the Company and the Principal Subsidiaries have properly completed and filed on a timely basis all tax returns required to be filed by them and all federal, state, provincial, local and foreign income, profits, franchise, sales, use, occupancy, excise and other taxes and assessments (including interest and penalties) that are or may become payable by or due from the Company or the Principal Subsidiaries have been fully paid when due or adequate provisions have been made in respect thereof in the books and records of the Company or the Principal Subsidiaries;

8.36 the Company is eligible to file a short form prospectus under, and use the procedures established by, National Instrument 44-101, the Company has fulfilled all requirements to be fulfilled by the Company, including the filing of the documents and all other continuous disclosure materials required to be filed pursuant to applicable Securities Laws, but excluding the preparation and filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, to enable the Shares to be offered for sale and sold to the public in all Qualifying Provinces through registrants who have complied with the relevant provisions of applicable Securities Laws;

8.37 no acquisitions or dispositions have been made by the Company that are "significant acquisitions" or "significant dispositions", and the Company is not a party to any contract with respect to any transaction that would constitute a "probable acquisition", in each case which would require disclosure in the Preliminary Prospectus or the Final Prospectus in accordance with National Instrument 44-101;

8.38 Ernst & Young LLP, the auditors of the Company, are independent public accountants as required under applicable laws and there has not been any disagreement (within the meaning of National Instrument 51-102 of the Canadian Securities Administrators) since October 31, 2008 with the auditors of the Company;

8.39 except as disclosed in the Preliminary Prospectus or the Final Prospectus, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal); arbitration or other dispute settlement procedure; investigation or inquiry by any Governmental Body; or any similar matter or proceeding (collectively "**proceedings**") against or involving the Company or any of its subsidiaries (whether in progress or threatened). Except as disclosed in the Preliminary Prospectus or the Final Prospectus, to the Company's knowledge, no event has occurred which might give rise to any proceedings and there is no judgment, decree, injunction, rule, award or order of any Governmental Body to which the Company or any of its subsidiaries is subject;

8.40 except as disclosed in the Preliminary Prospectus or the Final Prospectus, none of the directors, officers or employees of the Company or any of its subsidiaries, any Person who owns, directly or indirectly, more than 10% of any class of securities of the Company or securities of any Person exchangeable for more than 10% of any class of securities of the Company, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Company or its subsidiaries which, as the case may be, materially affects, is material to or will materially affect the Company and its subsidiaries, taken as a whole;

8.41 all of the Company's Intellectual Property Assets are either owned by (the "**Owned IP**"), or licensed to (the "**Licensed IP**"), the Company and its subsidiaries with the exception of the jointly owned technology under the Technology License Agreement between COM DEV Ltd. and Senario Tek, LLC dated September 12, 2006. The Owned IP is owned by, and the Licensed IP is licensed to, respectively, the Company and its subsidiaries free and clear of all encumbrances, covenants, conditions, options to purchase and restrictions or other adverse claims or interests of any kind or nature;

8.42 to the extent that any of the Company's Intellectual Property Assets was created by an employee of or consultant to the Company or any of its subsidiaries, to the Company's knowledge, such Persons have each irrevocably assigned to the Company or its subsidiaries in writing all rights thereto. Neither the Company nor any of its subsidiaries has received any notice or claim challenging ownership of or rights by the Company or its subsidiaries to any of the Company's Intellectual Property Assets or suggesting that any other Person has any claim of legal or beneficial ownership or other claim or interest with respect thereto (other than the licensor in the case of the Licensed IP) nor, to the Company's knowledge, is there a reasonable basis for such a claim;

8.43 all fees payable in respect of the maintenance of the Owned IP have been paid and all registrations, and applications for registration, with respect thereto are in good standing. The Company and its subsidiaries have prosecuted, and are prosecuting, such applications diligently. To the knowledge of the Company, all fees payable in respect of the maintenance of the Licensed IP have been paid and all applications for registration thereof are in good standing. To the knowledge of the Company, the licensors of the Licensed IP have prosecuted, and are prosecuting, such applications diligently. To the Company's knowledge, all registrations of Licensed IP are in good standing;

8.44 to the knowledge of the Company, all rights to the Company's Intellectual Property Assets are valid and enforceable. Neither the Company nor its subsidiaries has received any notice or claim challenging or questioning the validity or enforceability of any of the Company's Intellectual Property Assets. There is no proceeding which is ongoing or, to the Company's knowledge, alleged (including any opposition, re-examination or protest) which might result in the Owned IP being invalidated, revoked or the subject of a compulsory licence. To the Company's knowledge, there is no proceeding which is ongoing or alleged (including any opposition, re-examination or protest) which might result in the Company's Licensed IP being invalidated or revoked or subject of a compulsory licence;

8.45 to the Company's knowledge, the conduct by the Company and its subsidiaries of their businesses as described in the Preliminary Prospectus, Final Prospectus and any Supplementary Material does not infringe any other Person's Intellectual Property Rights. Neither the Company nor any of its subsidiaries is or has been a party to any action or proceeding nor, to the Company's knowledge, has any action or proceeding been threatened, that alleges that the conduct of such businesses infringes any other Person's Intellectual Property Rights. To the Company's knowledge, no Person has infringed or is infringing the right of the Company or any of its subsidiaries in or to any of the Company's Intellectual Property Assets;

8.46 in the case of the Licensed IP, the Company has entered into valid and enforceable written agreements (the "**Licence Agreements**") pursuant to which the Company and its subsidiaries have been granted all licences to exploit the Licensed IP to the extent required to operate all aspects of the businesses. All Licence Agreements are in full force and effect and neither the Company nor any of it subsidiaries, nor any licensor is in default of its obligations thereunder;

8.47 the Company has documented procedures in place to protect the confidentiality of all rights to the Company's Intellectual Property Assets. All current and former employees and independent contractors and, where appropriate, suppliers of the Company and its subsidiaries have entered into enforceable confidentiality agreements with the Company or its subsidiaries in form adequate to protect the Company's Intellectual Property Assets. All current and former directors and officers are subject to similar confidentiality arrangements;

8.48 the Company and its subsidiaries (i) are in compliance in all material respects with all applicable Laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**") (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses as described in the Preliminary Prospectus, Final Prospectus and any Supplementary Material and (iii) are in compliance in all material respects with all terms and conditions of any such permit, license or approval;

8.49 except as disclosed in the Preliminary Prospectus or the Final Prospectus, neither the Company nor any of its subsidiaries is a party to or bound by any bonus, pension, profit sharing, deferred compensation, retirement, hospitalization, disability, insurance or similar plan or practice, formal or informal, with respect to any of its employees or others, other than the Canada Pension Plan, the Ontario Health Insurance Plan and other similar health plans established and administered by any other jurisdiction and workers' compensation insurance provided pursuant to legislation; and any such plan has been maintained in material compliance with the terms of such plan and applicable Laws;

8.50 except as disclosed in the notes to the audited consolidated financial statements for the fiscal year ended October 31, 2008 incorporated by reference in the Preliminary Prospectus and Final Prospectus, the pension plans maintained or contributed to or required to be contributed to and provided by the Company and its subsidiaries (the "**Pension Plans**") are registered and are in good standing under, and are in material compliance with applicable Laws, and all reports, returns and filings required to be made thereunder have been made in a timely manner in accordance with applicable Laws. The Pension Plans have been at all times established, operated, administered, funded and invested in all material respects in accordance with their terms and applicable Laws. There are no unfunded liabilities or other deficits under the Pension Plans, including no going concern unfunded actuarial liability, past service unfunded actuarial liability nor solvency deficiency;

8.51 except in connection with certain employees who became employees of the Company as a result of the Company's acquisition of the passive microwave devices product line from L-3 Communication Electron Technologies Inc. (the "**L-3 Employees**"), neither the Company nor any of its subsidiaries is a party to or bound by any contract with or commitment to any trade union, council of trade unions, employee bargaining agent or affiliated bargaining agent (collectively, "**labour representatives**") and neither the Company nor any of its subsidiaries has conducted negotiations with respect to any such future contracts or commitments; no labour representatives hold bargaining rights with respect to any employees of the Company or any of its subsidiaries; no labour representatives have applied to have the Company or any of its subsidiaries declared a related employer pursuant to the *Labour Relations Act* (Ontario) or similar legislation in any other jurisdiction; and there are no current or, to the Company's knowledge, threatened attempts to organize or establish any trade union or employee association with respect to the Company or any of its subsidiaries;

8.52 in respect of the L-3 Employees, there are no current, pending or, to the Company's knowledge, threatened strikes (including official or unofficial strikes or other labour relations difficulties), work stoppage or other concerted action, slowdowns or lockouts, trade union representation or organizing activities or unlawful labour practices or action

8.53 all material accruals for unpaid vacation pay, premiums for unemployment insurance, health premiums, federal or state pension plan premiums, accrued wages, salaries and commissions and employee benefit plan payments have been reflected in the books and records of the Company or the Principal Subsidiaries;

8.54 there are no actions pending or, to the knowledge of the Company, threatened, involving the prior employment of any of the employees of the Company or the any of its subsidiaries, their use in connection with the business of the Company or the Principal Subsidiaries of any information, creations or techniques allegedly proprietary to any of their former employers or other persons, or their obligations under any contracts with prior employers or other persons;

8.55 the operations of the Company and its subsidiaries have been conducted in compliance in all material respects with financial record-keeping and reporting requirements of applicable Laws relating to money laundering, and the Company and each of its subsidiaries has instituted and maintains policies and procedures designed to ensure continued compliance with such laws;

8.56 neither the Company nor any of its subsidiaries or, to the Company's knowledge, any officer, director, employee, advisor or agent of the Company or any of its subsidiaries, has made any payment, directly or indirectly, on behalf of or to the benefit of the Company or any of its subsidiaries, in violation of any applicable Laws prohibiting the payment of undisclosed commissions or bonuses or the making of bribe or incentive payments or other arrangements of a similar nature, and the Company and each of its subsidiaries has instituted and maintains policies and procedures designed to ensure continued compliance with such laws;

8.57 the existing manufacturing practices, components, composition and labelling for each of the products manufactured or sold by the Company and its subsidiaries are in compliance in all material respects with all applicable Laws relating to the use, manufacture, packaging, licensing, labelling, distribution or sale of such products (the **"Product Requirements"**). No claim, complaint, prosecution or regulatory proceeding has been filed or initiated against or, to the Company's knowledge, threatened to be filed or initiated against, the Company or any of its subsidiaries by any Person relating to any alleged violation of any Product Requirements. The Company and its subsidiaries are in material compliance with ISO standards and other industry specific standards;

8.58 since October 31, 2008, there has been no termination or cancellation of, and no material modification or change in, the business relationship with any customer or group of customers which singly or in the aggregate provided more than 10% of the consolidated revenues from continuing operations of the Company for the fiscal year ended October 31, 2008. The Company has no reason to believe that the benefits of any relationship with any of its customers or suppliers will not continue after the date hereof in substantially the same manner as prior to the date hereof. To the Company's knowledge, as at the date hereof, no significant customer or supplier of the Company or any of its subsidiaries is in breach of any of its material obligations to the Company or any of its subsidiaries; and

8.59 neither the Company nor any of its subsidiaries has taken any action or made any omission in violation of any applicable Laws governing imports into or exports from Canada or any foreign country, or relating to economic sanctions or embargoes, or any regulation, order, ruling, decision, judgment, injunction or decree of any Governmental Body issued pursuant thereto.

9. Covenants of the Company.

9.1 The Company covenants and agrees with the Underwriters that the Company will advise the Underwriters, promptly after receiving notice thereof, of the time when the Preliminary Prospectus, the Final Prospectus and any Supplementary Material has been filed and receipts therefor have been obtained and will provide evidence satisfactory to the Underwriters of each filing and the issuance of receipts.

9.2 Until the distribution of the Shares has been completed, the Company covenants and agrees with the Underwriters that the Company will advise the Underwriters, promptly after receiving notice or obtaining knowledge, of (i) the issuance by any Securities Commission of any order suspending or preventing the use of any of the Offering Documents; (ii) the suspension of the qualification of the Shares for offering or sale in any of the Qualifying Provinces; (iii) the institution, threatening or contemplation of any proceeding for any of those purposes; or (iv) any requests made by any Securities Commission for amending or supplementing the Preliminary Prospectus, the Final Prospectus or any Supplementary Material or for additional information. The Company will use its best efforts to prevent the issuance of any order noted above and, if any such order is issued, to obtain the withdrawal of the order promptly.

9.3 The Company will apply the proceeds from the issue and sale of the Shares substantially in accordance with the disclosure set out under the heading "Use of Proceeds" in the Preliminary Prospectus and the Final Prospectus.

9.4 The Company will use its reasonable commercial best efforts to promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Underwriters may reasonably require from time to time for the purpose of giving effect to this agreement and the transactions contemplated by the Preliminary Prospectus and the Final Prospectus (including filing or causing to be filed with the TSX all necessary documents and taking or causing to be taken all necessary steps to ensure that the Shares have been approved (or conditionally approved) for listing and trading on the TSX, subject only to satisfaction by the Company of the Standard Listing Conditions) and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this agreement and the transactions contemplated by the Preliminary Prospectus and the Final Prospectus, including obtaining any outstanding Regulatory Approvals and fulfilling the Standard Listing Conditions within the time period prescribed by the TSX.

9.5 The management of the Company will make themselves available to provide such assistance in marketing the Offering as the Underwriters may reasonably request.

10. Conditions of Closing.

10.1 The obligation of the Underwriters to purchase the Firm Shares will be subject to the following conditions, which conditions are for the sole benefit of the

Underwriters and may be waived in writing in whole or in part by the Underwriters in their discretion:

10.1.1 the Underwriters will have received a legal opinion from Gardiner Roberts LLP, counsel to the Company, dated and delivered on the Closing Date, in form and substance satisfactory to the Underwriters and their counsel, acting reasonably (and such counsel may rely upon or arrange for separate deliveries of opinions of local counsel where such counsel deems such reliance or delivery proper as to the laws other than Canada and Ontario and may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Company) with respect to the following matters:

10.1.1.1 the Company (i) is a corporation duly incorporated and validly existing under the laws of Canada; (ii) is duly qualified to carry on its business in each jurisdiction in which it currently carries on business; and (iii) has all requisite corporate power and authority to carry on its business and to own, lease and operate its property and assets, as described in the Final Prospectus and to execute, deliver and perform its obligations under this agreement;

10.1.1.2 the authorized capital of the Company consists of an unlimited number of common shares and an unlimited number of preferred shares each without par value, of which **[•]** common shares and no preferred shares are issued and outstanding;

10.1.1.3 each of the Principal Subsidiaries (i) is duly incorporated, continued or amalgamated and organized and is validly existing under the laws of its jurisdiction of incorporation, continuance, amalgamation or organization, as applicable, (ii) is duly qualified to carry on its business in each jurisdiction in which it currently carries on business, and (iii) has all requisite corporate power and authority to carry on its business and to own, lease and operate its property and assets;

10.1.1.4 (i) the Company is the sole registered holder of the outstanding securities of the Principal Subsidiaries;

10.1.1.5 each of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, in both the French and English languages, and the execution and filing of each of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, in both the English and French languages, with the Securities Commissions have been duly approved and authorized by all necessary action on the part of the Company, and each of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material, in both the

French and English languages, have been duly executed by and on behalf of the Company;

10.1.1.6 the Shares have been validly authorized and issued and are outstanding as fully paid and non-assessable common shares of the Company;

10.1.1.7 the attributes of the Shares are consistent in all material respects with the description thereof in the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

10.1.1.8 all necessary action has been taken by the board of directors of the Company to authorize the execution and delivery by the Company of this agreement and the performance of its obligations under this agreement (including the execution, delivery and filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material), and this agreement has been duly executed and delivered by the Company and constitutes legal, valid and binding obligations of the Company enforceable against it in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, arrangement and other similar laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction and that rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable law;

10.1.1.9 all necessary documents have been filed, all requisite proceedings have been taken and all other legal requirements have been fulfilled under the laws of each of the Qualifying Provinces in order to qualify the distribution of the Shares through investment dealers or brokers who are registered under applicable legislation of the Qualifying Provinces and who have complied with the relevant provisions of such applicable legislation;

10.1.1.10 the TSX has conditionally approved the listing of the Shares, subject to the satisfaction of the Standard Listing Conditions;

10.1.1.11 the form and terms of the certificate for the Shares (i) have been approved and adopted by the directors of the Company, (ii) comply with all applicable requirements of the TSX and (iii) do not conflict with the constating documents of the Company;

10.1.1.12 the Transfer Agent at its principal office in Toronto is the duly appointed transfer agent and registrar for the Shares;

10.1.1.13 the execution and delivery of this agreement and the fulfilment of the terms of this agreement by the Company:

(a) do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with:

(i) any of the terms, conditions or provisions of the constating documents or resolutions of the securityholders or directors, or any committee of directors, of the Company or any of its subsidiaries; or

(ii) any federal laws of Canada and the laws of the Province of Ontario applicable to the Company or any of its subsidiaries;

(b) do not require the consent, approval, authorization, registration or qualification of or with any court, Governmental Body or other third party, except (i) those which have been obtained or will be obtained prior to the Time of Closing, (ii) those as may be required (and will be obtained prior to the Time of Closing) under applicable Securities Laws; or

(c) to counsel's knowledge does not (or will not with the giving of notice, the lapse of time or the happening of any other event or condition) result in a breach or a violation of, or conflict with or result in a default under, or allow any other Person to exercise any rights under, any agreement, license or permit to which any of the Company or any of its subsidiaries is a party or by which their businesses may be affected, provided in each case such breach, violation, conflict, default or rights would have a Material Adverse Effect;

10.1.1.14 to counsel's knowledge there are no legal or governmental proceedings pending or threatened to which the Company or any of its subsidiaries is a party or to which any of the material properties of the Company or any of its subsidiaries is subject that are required to be described in the Final Prospectus and are not so described;

10.1.1.15 the Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and TFSA's (tax free savings accounts);

10.1.1.16 all laws of the Province of Québec relating to the use of the French language (other than those relating to oral communications as to which counsel need not express an opinion) will have been complied with in connection with the offer and sale of the Shares to purchasers in the Province of Québec if such purchasers have received copies of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material in the French language only or in both the English and French languages, together with, in each case, a form of order and confirmation in the French language only or in bilingual form;

10.1.2 the Underwriters will have received from their counsel, Bennett Jones LLP, a legal opinion dated and delivered the Closing Date, in form and substance satisfactory to the Underwriters, with respect to those matters as the Underwriters may reasonably require relating to the distribution of the Shares. In connection with that opinion, counsel to the Underwriters may rely on the opinions of counsel to the Company, any underlying certificates and, with respect to matters governed by the laws of jurisdictions other than the Province of Ontario, on the opinions of local counsel to the Company;

10.1.3 the Underwriters will have received certificates dated the Closing Date signed by those senior officers of each of the Company and the Principal Subsidiaries as may be acceptable to the Underwriters, acting reasonably, in form and content satisfactory to the Underwriters, acting reasonably, with respect to:

10.1.3.1 the constating documents of the Company and each of the Principal Subsidiaries, respectively;

10.1.3.2 the resolutions of the directors of the Company relevant to the sale of the Shares and the authorization, execution, delivery and performance of this agreement; and

10.1.3.3 the incumbency and signatures of signing officers of the Company;

10.1.4 the Company will cause Ernst & Young LLP to deliver to the Underwriters a comfort letter, dated the Closing Date, in form and substance satisfactory to the Underwriters, acting reasonably, bringing forward to the date which is two Business Days prior to the Closing Date the information contained in the comfort letter referred to in section 5.4.3;

10.1.5 the Company will deliver to the Underwriters, at the Time of Closing, a certificate dated the Closing Date addressed to the Underwriters and signed by the President and Chief Executive Officer of the Company, the Chief Operating Officer of the Company and the Chief Financial Officer of the Company, certifying for and on behalf of the Company, after having made due inquiries, with respect to the following matters:

10.1.5.1 the Company has complied with all the covenants and satisfied all the terms and conditions of this agreement on their part to be complied with and satisfied at or prior to the Time of Closing;

10.1.5.2 subsequent to the respective dates as at which information is given in the Final Prospectus, there has not been any Material Adverse Change, or any development involving a prospective Material Adverse Change;

10.1.5.3 subsequent to the respective dates as at which information is given in the Final Prospectus, no transaction out of the ordinary course of business, material to the Company and its subsidiaries taken as a whole, has been entered into by the Company or any of its subsidiaries or has been approved by the management of any of them, which results in a Material Adverse Change;

10.1.5.4 the representations and warranties of the Company contained in this agreement, and in any certificates of the Company delivered pursuant to or in connection with this agreement, are true and correct as at the Time of Closing, with the same force and effect as if made on and as at the Time of Closing, after giving effect to the transactions contemplated by this agreement;

10.1.5.5 the Final Receipt has been issued by the Ontario Securities Commission for the Final Prospectus and no order, ruling or determination having the effect of ceasing the trading or suspending the sale of the Shares has been issued and no proceedings for that purpose have been instituted or are pending or, to the knowledge of such officers, contemplated or threatened by any Governmental Body; and

10.1.5.6 the representations and warranties of the Company arising by reason of the delivery of the Final Prospectus and any Supplementary Material are true and correct on and as at the

Time of Closing as if those documents had been dated the Closing Date and delivered to the Underwriters on that date;

and all of those matters will in fact be true and correct as at the Time of Closing;

10.1.6 all actions required to be taken by or on behalf of the Company including the passing of all requisite resolutions of the directors of the Company and all requisite filings with governmental authorities, Securities Commissions or courts will have occurred at or prior to the Time of Closing so as to validly authorize the execution and filing of the Preliminary Prospectus, the Final Prospectus and any Supplementary Material;

10.1.7 the Shares will have been conditionally listed on the TSX on the business day immediately preceding the Closing Date, subject only to the Standard Listing Conditions;

10.1.8 the Underwriters will have received such other certificates, opinions, agreements, materials or documents in form and substance satisfactory to the Underwriters as the Underwriters may reasonably request;

10.1.9 in the event the Over-Allotment Option is exercised in accordance with its terms, the Underwriters will have received such certificates, opinions, agreements, materials or documents set out in this section 10.1 in form and substance satisfactory to the Underwriters and their counsel, as the Underwriters or their counsel may reasonably request.

11. Closing.

11.1 The closing of the purchase and sale of the Shares will be completed at the Time of Closing or the Over-Allotment Time of Closing at the offices of Gardiner Roberts LLP, 40 King Street West, Suite 3100, Scotia Plaza, Toronto, ON, M5H 3Y2, or at any other place determined in writing by the Company and the Underwriters.

11.2 The Company will deliver to Genuity for the respective accounts of the Underwriters the Shares to be issued or sold in accordance with this agreement through the facilities of the CDS Clearing and Depository Services Inc. ("**CDS**").

11.3 Delivery of the Shares pursuant to section 11.2 above will be made against payment by the Underwriters of the purchase price for the Shares, net of the fee payable to the Underwriters pursuant to this agreement, by wire transfers of immediately available (same day) funds to such account of the Company as the Company shall direct. The directions referred to in this section 11.3 shall be delivered to Genuity on behalf of the Underwriters in writing not less than 48 hours prior to the Time of Closing or the Over-Allotment Closing Time, as the case may be.

12. Restrictions on Further Issues or Sales.

12.1 The Company agrees not to offer, sell, contract to sell, pledge or otherwise dispose of (or enter into any transaction which is designed to result in such disposition, whether by actual disposition or effective economic disposition due to cash settlement or otherwise, by the Company or any affiliate of the Company), directly or indirectly, any Common Shares or securities, convertible or exercisable into, or exchangeable for, Common Shares of the Company (other than for purposes of directors', officers' or employee stock options or other share plans, including employee stock purchase plan deduction, or other outstanding rights issued February 10, 2009), for a period of 90 days from the Closing Date, without the prior written consent of the Underwriters, such consent not to be unreasonably withheld.

13. Indemnification.

13.1 The Company shall indemnify and hold harmless each Underwriter, each affiliate of an Underwriter, each director, officer, employee, partner, agent and shareholder of an Underwriter, and each Person (if any) that controls, directly or indirectly, an Underwriter (collectively, the "**Indemnified Parties**" and each an "**Indemnified Party**") from and against any and all actual or threatened claims, actions, suits, investigations and proceedings (collectively, the "**Proceedings**") and any and all losses (other than losses of profit), damages, liabilities, obligations, fees, costs and expenses (collectively, the "**Liabilities**"), including all statutory duties and obligations, all amounts paid to settle any Proceeding or to satisfy any judgement or award, and all legal fees and disbursements incurred by an Indemnified Party (including legal fees and disbursements incurred in enforcing the indemnity contained in this section 13.1), caused or arising, directly or indirectly, by reason of or in consequence of:

13.1.1 any misrepresentation or untrue statement or any alleged misrepresentation or untrue statement contained in any Offering Document, in any certificate of the Company or any officer of the Company delivered under or pursuant to this agreement, or in any information, data, opinion, advice, representation or statement provided or made to the Underwriters by or on behalf of the Company or any public document filed with any Governmental Body or otherwise disseminated by or on behalf of the Company, or in any amendment or supplement thereto, other than a misrepresentation or untrue statement relating solely to the Underwriters which has been provided by the Underwriters solely for inclusion in such Offering Document;

13.1.2 any omission or alleged omission to state in any Offering Document, in any certificate of the Company or any officer of the Company delivered under or pursuant to this agreement, or in any information, data, opinion, advice, representation or statement provided or made to the Underwriters by or on behalf of the Company or any public document filed with any Governmental Body or otherwise disseminated by or on behalf of the

Company, or in any amendment or supplement thereto, any fact or information (other than any fact or information relating solely to the Underwriters which has been provided by the Underwriters solely for inclusion therein), whether material or not, required to be stated therein or necessary to make any statement therein not misleading in light of the circumstances in which it was made;

13.1.3 any breach by the Company of any term of this agreement or of any agreement or instrument relating to the transactions contemplated by this agreement;

13.1.4 any breach or violation or any alleged breach or violation of any applicable Law, whether in force in Canada or elsewhere, resulting from any action taken or omitted to be taken by the Company or any of its directors, officers, agents or employees, as the case may be; or

13.1.5 any order made or any Proceeding announced, brought, instituted or threatened by the TSX, or by any Securities Commission or any other Governmental Body or other competent authority preventing, prohibiting, restricting or making impractical the completion of the transactions contemplated by this agreement, including the trading or distribution of the Shares in any of the Qualifying Provinces.

13.2 The Company waives any right it may have to require an Indemnified Party to proceed against or enforce any other right, power, remedy or security or to claim payment from any other Person before claiming under the indemnity provided for in this section 13. It is not necessary for an Indemnified Party to incur expense or make payment before enforcing such indemnity.

13.3 If any Proceeding is announced, brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification under this section 13, that Indemnified Party shall promptly after receiving notice of the Proceeding notify the Company, in writing, and the Company shall be entitled (but not required) to assume conduct of the defence of the Proceeding and retain counsel on behalf of that Indemnified Party who is acceptable to that Indemnified Party, acting reasonably, to represent that Indemnified Party in the Proceeding and the Company shall pay the fees and disbursements of that counsel and all other expenses of that Indemnified Party relating to the Proceeding as incurred. Failure to so notify the Company shall not relieve the Company from liability except and only to the extent that the failure materially prejudices the Company. If the Company assumes conduct of the defence for an Indemnified Party, that Indemnified Party shall fully cooperate in the defence including the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceeding.

13.4 In any Proceeding referred to in section 13.3 the Indemnified Party shall have the right to employ separate counsel and to participate in the defence of that Proceeding but the fees and disbursements of that counsel shall be at the expense of that Indemnified Party unless:

13.4.1 that Indemnified Party determines, acting reasonably, that there are legal defences available to it that are different from or in addition to those available to the Company or that a conflict of interest exists which makes representation by counsel chosen by the Company not advisable;

13.4.2 the Company has not assumed the defence of the Proceeding and employed counsel for the Proceeding acceptable to that Indemnified Party (acting reasonably) within a reasonable period of time after receiving notice of the Proceeding; or

13.4.3 the Company has authorized the employment of such other counsel,

in which case the fees and disbursements of such other counsel shall be paid by the Company.

13.5 No admission of liability and no settlement of any Proceeding shall be made without the consent of the affected Indemnified Parties, that consent not to be unreasonably withheld. No admission of liability shall be made by an Indemnified Party without the consent of the Company, and the Company shall not be liable for any settlement of any Proceeding made without its consent, that consent not to be unreasonably withheld.

13.6 In order to provide for a just and equitable contribution in circumstances in which the indemnity provided for in this section 13 would otherwise be available in accordance with its terms but is, for any reason not solely attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, the Indemnified Parties affected and the Company shall contribute to the aggregate of the Liabilities incurred by all those Indemnified Parties in proportions such that those Indemnified Parties shall be collectively responsible for the portion represented by the percentage that the Underwriters' Fee actually received by the Underwriters pursuant to this agreement bears to the total net proceeds to the Company from the sale of the Shares and the Company shall be responsible for the balance, whether or not any Proceedings have been instituted against it, except that the Indemnified Parties shall not in any event be liable to contribute, in the aggregate, any amount in excess of the amount of the Underwriters' Fee actually received by the Underwriters pursuant to this agreement.

13.7 The rights of contribution provided for in this section 13 shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law or in equity. The Company waives all other rights of contribution that it may have against any Indemnified Party relating to any Liability in respect of which the Company has agreed to indemnify the Indemnified Parties in the manner contemplated herein.

13.8 If any Proceeding is brought in connection with the transactions contemplated by this agreement and any of the Underwriters is required to testify in connection with, or is required to respond to procedures designed to discover information relating to, that Proceeding, that Underwriter shall have the right to employ its own counsel in connection therewith, and the fees and disbursements of that counsel as well as the reasonable fees of such Underwriter at the normal per diem rate for its directors, officers, employees and agents involved in preparation for and attendance at that Proceeding or in so responding and any other reasonable costs and out-of-pocket expenses incurred by that Underwriter in connection therewith shall be paid by the Company as they are incurred.

13.9 Each of the Underwriters shall act as trustee for its affiliates, directors, officers, employees, agents, partners and shareholders of the Company's covenants herein in respect of those Persons and accepts the trust and shall hold and enforce the covenants on behalf of those Persons.

13.10 The obligations herein shall apply whether or not the transactions contemplated by this agreement are completed and shall survive the completion of the transactions contemplated under this agreement and the termination of this agreement.

14. Expenses.

Whether or not the purchase and sale of the Shares pursuant to this agreement is completed, all expenses of or incidental to the purchase, sale and delivery of the Shares and of or incidental to all matters in connection with the transactions set out in this agreement will be borne by the Company including, without limitation:

14.1 fees, expenses and disbursements of the Underwriters' counsel and the out-of-pocket expenses reasonably incurred by or on behalf of the Underwriters including, without limitation, any advertising, printing, courier, telecommunications, data search, roadshow presentations, travel or other expenses;

14.2 expenses payable in connection with the qualification for distribution of the Shares under applicable Securities Laws;

14.3 the fees and expenses of the auditors of the Company, counsel to the Company and all related local counsel;

14.4 all costs incurred in connection with the preparation, translation, filing and printing of the Preliminary Prospectus, the Final Prospectus, any Supplementary Material and any Share certification costs; and

14.5 all fees and expenses of the Transfer Agent and CDS;

including Canadian federal goods and services tax and provincial sales tax exigible in respect of any of the foregoing.

15. All Terms to be Conditions.

The Company agrees that the conditions contained in section 10 of this agreement will be complied with insofar as they relate to acts to be performed or caused to be performed by the Company, and that it will use its best efforts to cause all of those conditions to be complied with insofar as they relate to acts to be performed or caused to be performed by the Company. Each certificate required to be provided in accordance with the terms of this agreement, signed by any officer of the Company and delivered to the Underwriters or the Underwriters' counsel, will constitute a representation and warranty by the Company to each of the Underwriters as to the matters covered thereby. All representations, warranties, covenants and other terms of this agreement will be and will be deemed to be conditions, and any breach or failure to comply with any of them or any of the conditions set out in section 10 will entitle each of the Underwriters to terminate its obligation to purchase the Shares, by written notice to that effect given to the Company at or prior to the Time of Closing. It is understood that the Underwriters may waive, in whole or in part, or extend the time for compliance with, any of those terms and conditions without prejudice to the rights of the Underwriters in respect of any of those terms and conditions or any other or subsequent breach or non-compliance, provided that to be binding on the Underwriters any such waiver or extension must be in writing.

16. Termination by Underwriters in Certain Events.

16.1 Any Underwriter (the "**Terminating Underwriter**") shall be entitled, at its option, to terminate its obligations under this agreement, without any liability on that Underwriter's part, by written notice to that effect given to the Company at or prior to the Time of Closing, if at any time prior to the Time of Closing:

16.1.1 there should occur any change (actual, anticipated, contemplated or threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of the Company and its subsidiaries taken as a whole (other than a change related solely to the Underwriters), any fact, event or circumstances or, as a result of investigations, the Underwriters determine that there exists any fact or circumstance not disclosed as at the date hereof which, in any case, in the opinion of such Terminating Underwriter, results or could be expected to result in purchasers of the Shares exercising their rights of withdrawal or remedies for rescission or damages, or has or could be expected to have a significant adverse effect on the market price, value or marketability of the Shares;

16.1.2 there should develop, occur or come into effect or occurrence of national or international consequence, or any event, action, condition, law or regulation, inquiry or other occurrence of any nature whatsoever which, in the opinion of such Terminating Underwriter, seriously affects or involves or may seriously affect or involve:

16.1.2.1 the financial markets in Canada or elsewhere;

16.1.2.2 the business, operations or affairs of the Company and its subsidiaries on a consolidated basis;

16.1.2.3 the ability of the Underwriters (or any of them) to perform their obligations under this agreement;

16.1.2.4 the distribution of the Shares; or

16.1.2.5 a purchaser's decision to purchase the Shares; or

16.1.3 any action, suit, inquiry, investigation or other proceeding (whether formal or informal) is threatened, announced or commenced, any order or ruling is issued by any Governmental Body (including, without limitation by any of the Securities Commissions or the TSX) which, in the reasonable opinion of such Terminating Underwriter would be expected to operate to prevent or materially restrict trading in or distribution of, the Shares or any other securities of the Company.

16.2 All representations and warranties and terms and conditions of this Agreement shall be construed as conditions, and any breach or failure by the Company to comply with any such condition shall entitle the Underwriters (or any of them) to terminate their obligations to purchase the Shares by notice to that effect given to the Company at or prior to the Closing Time. The Underwriters may waive in whole or in part or extend the time for compliance with, any of such conditions without prejudice to the Underwriters' rights in respect of any other such conditions or any other or subsequent breach or non-compliance, except that to be binding on the Underwriters any such waiver or extension must be in writing and signed by Genuity on behalf of all of the Underwriters. No act of the Underwriters in offering the Common Shares or in assisting in the preparation or joining in the execution of the Offering Documents shall constitute a waiver or estoppel against the Underwriters.

16.3 The rights of termination contained in this section may be exercised by any of the Underwriters and are in addition to any other rights and remedies any of the Underwriters may have in respect of any default, act or failure to act or non-compliance by the Company in respect of any of the matters contemplated by this agreement or otherwise. In the event of a termination of this agreement by a Terminating Underwriter pursuant to this section, there shall be no further liability on the part of that Underwriter to the Company or the Company to that Underwriter except in respect of the payment of expenses referred to in this Agreement payable by the Company and in respect of any liability of the Company to that Underwriter which may have arisen or may thereafter arise in this agreement. A notice of termination given by a Terminating Underwriter hereunder shall not be binding on any other Underwriter.

17. Over-Allotment.

In connection with the distribution of the Shares, the Underwriters and the Selling Firms (if any) may over-allot or effect transactions which stabilize or maintain the market price of the Shares at levels above those which might otherwise prevail in the open market, in compliance with Securities Laws. Those stabilizing transactions, if any, may be discontinued at any time.

18. Obligations of the Underwriters to be Several.

Subject to the terms and conditions of this agreement, the obligation of the Underwriters to purchase the Firm Shares will be several and not joint. The percentage of the Firm Shares to be severally purchased and paid for by each of the Underwriters will be as follows:

Genuity Capital Markets	50.00%
GMP Securities L.P.	30.00%
Paradigm Capital Inc.	20.00%

If an Underwriter (a "**Refusing Underwriter**") does not complete the purchase and sale of the Shares which that Underwriter has agreed to purchase under this agreement (other than in accordance with sections 15 or 16) (the "**Defaulted Shares**"), Genuity may delay the closing date for not more than five (5) days and the remaining Underwriters (the "**Continuing Underwriters**") will be entitled, at their option, to purchase all but not less than all of the Defaulted Shares pro rata according to the number of Shares to have been acquired by the Continuing Underwriters under this agreement or in any proportion agreed upon, in writing, by the Continuing Underwriters. If no such arrangement has been made and the number of Defaulted Shares to be purchased by Refusing Underwriters does not exceed 10% of the Firm Shares or Additional Shares, as applicable, the Continuing Underwriters will be obligated to purchase the Defaulted Shares on the terms set out in this agreement in proportion to their obligations under this agreement. If the number of Defaulted Shares to be purchased by Refusing Underwriters exceeds 10% of the Firm shares or Additional Shares, as applicable, the Continuing Underwriters will not be obligated to purchase the Defaulted Shares and if the Continuing Underwriters do not elect to purchase the Defaulted Shares:

18.1 the Continuing Underwriters will not be obliged to purchase any of the Firm Shares or Additional Shares, as applicable;

18.2 the Company will not be obliged to sell less than all of the Firm Shares or Additional Shares, as applicable; and

18.3 the Company will be entitled to terminate its obligations under this agreement arising from its acceptance of this offer, in which event there will be no further liability on the part of the Company or the Continuing Underwriters, except pursuant to the provisions of sections 13 and 15.

19. Notice.

Any notice or other communication required or permitted to be given under this agreement will be in writing and will be delivered to:

(a) in the case of the Company:

155 Sheldon Avenue
Cambridge, Ontario
N1R 7H6

Attention: Chief Executive Officer
Facsimile No.: 519-622-3975

with a copy to:

Gardiner Roberts LLP
40 King Street West
Suite 3100
Scotia Plaza
Toronto, ON, M5H 3Y2

Attention: Kathleen Skerrett
Facsimile No.: 416-865-6636

(b) in the case of the Underwriters:

c/o Genuity Capital Markets
Scotia Plaza, Suite 4900
40 King Street West, P.O. Box 1007
Toronto, ON
M5H 3Y2

Attention: Sanjiv Samant
Facsimile No: (416) 687-5339

with a copy to:

Bennett Jones LLP
3400 One First Canadian Place
P.O. Box 130
Toronto, ON
M5X 1A4

Attention: Kathleen L. Keller-Hobson
Facsimile No.: (416) 863-1716

The parties may change their respective addresses for notices by notice given in the manner set out above. Any notice or other communication will be in writing, and unless delivered personally to the addressee or to a responsible officer of the addressee, as applicable, will be given by facsimile and will be deemed to have been given when (i) in the case of a notice delivered personally to a responsible officer of the addressee, when so delivered; and (ii) in the case of a notice delivered or given by facsimile, on the first Business Day following the day on which it is sent.

20. Miscellaneous.

20.1 Except with respect to sections 13, 15 and 16 of this agreement, all transactions and notices on behalf of the Underwriters under this agreement or contemplated by this agreement may be carried out or given on behalf of the Underwriters by Genuity and Genuity will in good faith discuss with the other Underwriters the nature of any of the transactions and notices prior to giving effect to them or the delivery of them, as the case may be.

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

20.3 Time will be of the essence of this agreement and, following any waiver or indulgence by any party, time will again be of the essence of this agreement.

20.4 The words "agreement", "hereof", "hereunder" and similar phrases mean and refer to the agreement formed as a result of the acceptance by the Company of this offer by the Underwriters to purchase the Shares.

20.5 All representations, warranties, covenants and agreements of the Company contained in this agreement or contained in documents submitted pursuant to this agreement and in connection with the transaction of purchase and sale contemplated by this agreement will survive the purchase and sale of the Shares and the termination of this agreement and will continue in full force and effect for the benefit of the Underwriters for a period of three years after the Closing Date, regardless of any subsequent disposition of the Shares or any investigation by or on behalf of the Underwriters with respect thereto. The Underwriters will be entitled to rely on the representations and warranties of the Company contained in this agreement or delivered pursuant to this agreement notwithstanding any investigation which the Underwriters may undertake or which may be undertaken on the Underwriters' behalf.

20.6 Each of the parties to this agreement will be entitled to rely on delivery of a facsimile copy of this agreement and acceptance by each party of any such facsimile copy will be legally effective to create a valid and binding agreement between the parties to this agreement in accordance with the terms of this agreement.

20.7 This agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement.

20.8 To the extent permitted by applicable law, the invalidity or unenforceability of any particular provision of this agreement will not affect or limit the validity or enforceability of the remaining provisions of this agreement.

20.9 Except as provided for herein, this agreement and the other documents referred to in this agreement constitute the entire agreement between the Underwriters and the Company relating to the subject matter of this agreement and supersede all prior agreements between those parties with respect to their respective rights and obligations in respect of the transactions contemplated under this agreement.

20.10 The terms and provisions of this agreement will be binding upon and enure to the benefit of the Company and the Underwriters and their respective successors and assigns; provided that, except as otherwise provided in this agreement, this agreement will not be assignable by any party without the written consent of the others and any purported assignment without that consent will be invalid and of no force and effect.

[SIGNATURE PAGE TO FOLLOW]

If this letter accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this letter where indicated and returning them to us.

Yours very truly,

GENUITY CAPITAL MARKETS

per: *"Sanjiv Samant"*

GMP SECURITIES L.P.

per: *"Lorne Sugarman"*

PARADIGM CAPITAL INC.

per: *"Peterl Greenwood"*

The forgegoing accurately reflects the terms of the transaction which we are to enter into and such terms are agreed to with effect as of the date provided at the top of the first page of this agreement.

COM DEV INTERNATIONAL LTD.

per: *"Gary Calhoun"*