

**URODYNAMIX TECHNOLOGIES LTD.
DISTRIBUTION AGREEMENT**

This DISTRIBUTION AGREEMENT (the “**Agreement**”) made as of the 22nd day of October, 2007 (the “**Effective Date**”), by and between URODYNAMIX TECHNOLOGIES LTD., a corporation existing under the laws of the Province of British Columbia (the “**Supplier**”) and LABORIE MEDICAL TECHNOLOGIES INC., a corporation existing under the laws of Canada (the “**Distributor**”)

RECITALS

WHEREAS, Supplier desires to appoint and name Distributor a distributor of the products identified in Exhibit A (hereafter the “**Products**”) solely for use as a diagnostic test for bladder dysfunctions in the acute care setting (the “**Approved Use**”) in the Exclusive Territory (as defined below) and the Non-Exclusive Territory (as defined below); and,

WHEREAS, Distributor desires to be appointed and named a distributor of the Products for the Approved Use and represents that it has reasonable funds with which to carry out its obligations under this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereafter set forth, it is agreed by and between Supplier and Distributor (together, the “**Parties**”) as follows:

AGREEMENT

1. APPOINTMENT.

1.1 Subject to the terms, conditions and limitations hereafter set forth, Supplier hereby appoints Distributor as its authorized Distributor with the sole and exclusive right and license to distribute and sell the Products for the Approved Use during the Term (as defined below) throughout the following geographic markets (together, the “**Exclusive Territory**”):

- (a) “**Asia**”, defined as the geographic territory comprising China, Japan, Indonesia, Philippines, Thailand, Malaysia, Singapore, Vietnam and India;
- (b) “**Latin America**”, defined as the geographic territory comprising South America and all Latin American countries outside of South America; and
- (c) “**Middle East**”, defined as the geographic territory comprising Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, and Yemen.

1.2 Subject to the terms, conditions and limitations hereafter set forth, Supplier hereby appoints Distributor as its authorized Distributor with the non-exclusive right and licence to sell the Products for the Approved Use in all geographic markets other than the Exclusive Territory (the “**Non-Exclusive Territory**”).

1.3 Distributor hereby accepts the aforesaid appointments. Distributor has no rights of any kind with respect to any Supplier products not listed in Exhibit A or any use of the Products that is not the Approved Use. All rights not expressly granted to Distributor hereunder are reserved to Supplier.

1.4 **Sublicensing.** Notwithstanding Section 16.7 of this Agreement, Supplier hereby grants Distributor the right to appoint persons as subdistributors (the “**Subdistributors**”) of the Products for the Approved Use in all or part of the Exclusive Territory or the Non-Exclusive Territory upon prior notice to Supplier and on terms no broader than provided for under this Agreement. The appointment by Distributor of one or more Subdistributors shall not relieve the Distributor of any of its obligations under this Agreement.

[REDACTED]

[REDACTED]

[REDACTED]

3. **DISTRIBUTOR’S OBLIGATIONS.**

3.1 **Licence Fee.** Distributor hereby agrees to pay to Supplier licensing fees as follows (collectively, the “**Licence Fees**”):

- (a) [REDACTED] upon the execution of the Term Sheet Agreement between and executed by Supplier and Distributor dated May 17, 2007 (the “**Term Sheet**”) allocated as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3.2 General Purchase Obligation. Distributor hereby agrees to purchase all its requirements of the Products from Supplier or Supplier's designee in finished, packaged form upon the terms and conditions set forth in this Agreement.

3.3 Minimum Purchases. Distributor hereby agrees to purchase from Supplier the minimum amounts of Products set forth in Exhibit B during the Term (as defined in Section 7), subject to the granting of all necessary approvals under Section 4.3. Distributor acknowledges that these amounts reflect only minimum purchase requirements and that Distributor shall make commercially reasonable efforts to exceed such targets.

3.4 Clinical Trials. Distributor hereby agrees to fund separate clinical trials for the Products for the purposes of marketing in North America, Asia, Latin America and the Middle East (the "**Clinical Trials**"), the data and reports of which shall be co-owned by the Parties. Co-ownership of the data and reports means that each party must be consulted and must agree upon the usage of such data and reports. Distributor acknowledges that the Clinical Trials will include approximately 100 subjects in two clinical sites as selected by Distributor in each of North America, Asia, Latin America, and the Middle East. Distributor agrees to make payments to Supplier to fund the Clinical Trials as provided hereunder (the "**Clinical Trial Support Payments**"):

- (a) The Parties shall engage a person or institution to conduct each Clinical Trial, to be mutually agreed upon in writing (the "**Investigator**");
- (b) The Parties and the Investigator shall negotiate an estimated cost for the trial, calculated on the basis of an amount up to \$3,000 per subject (the "**Estimated Amount**");
- (c) The Clinical Trial Support Payments shall equal the actual cost of each Clinical Trial, including insurance and all direct costs of the Investigators, provided that in no event shall the Clinical Trial Support Payments in respect of a Clinical Trial exceed the Estimated Amount for that Clinical Trial, and for greater certainty, any actual cost of the Clinical Trial exceeding the Estimated Amount for that Clinical Trial shall be borne by the Supplier unless otherwise agreed by the Parties in writing;

- (d) The Clinical Trial Support Payments shall be made in accordance with the payment schedule contained in each individual Clinical Trial budget; and
- (e) Distributor shall not be responsible for any other cost incurred by Supplier in relation to the Clinical Trials, other than costs that arise directly as a result of a specific request by Distributor.

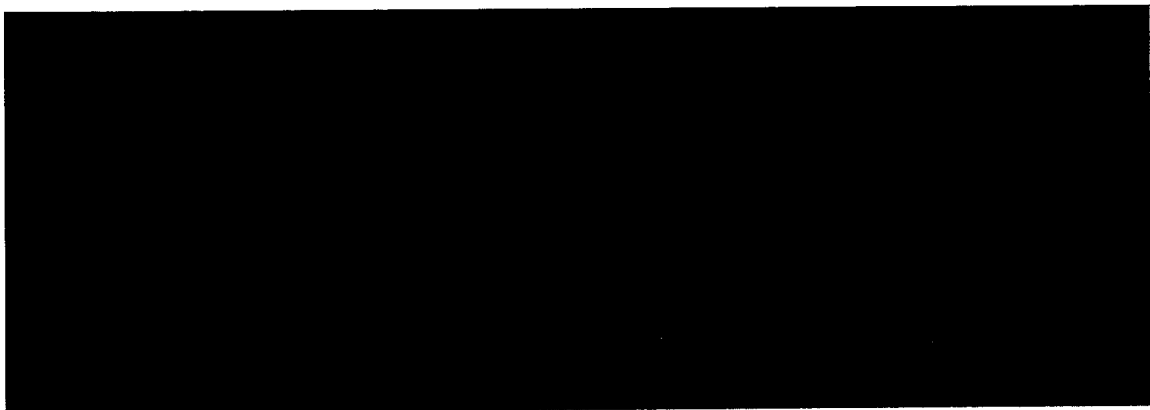
3.5 Distribution. Distributor hereby agrees to make commercially reasonable efforts to market, promote and sell the Products within the Exclusive Territory and the Non-Exclusive Territory in accordance with the terms of this Agreement and all applicable laws, subject to Products approval by the US FDA or other applicable agency in the Exclusive Territory and the Non-Exclusive Territory. Distributor agrees to provide Supplier on a quarterly basis with a report outlining all current initiatives being pursued to market, promote and sell the Products, including copies of marketing materials and press coverage, and including a report on sales during the prior quarter. Distributor agrees to use commercially reasonable efforts to incorporate Supplier's feedback into all marketing efforts.


3.6 Changes to Packaging and Labelling. Distributor hereby agrees apply any necessary labels to Supplier's products in the least obtrusive manner possible if needed. Such labels will conform to the laws and regulations of the Territory for marketing/sales purposes.

3.7 Products Integration. Distributor hereby agrees to identify and provide: (a) technical resources that, in Distributor's reasonable judgment, are necessary to adequately integrate and test Products; (b) clinical resources that, in Distributor's reasonable judgment, are necessary to adequately integrate and test Products; and (c) marketing resources that, in Distributor's reasonable judgment, are necessary to adequately support product.

4. SUPPLIER'S OBLIGATIONS

4.1 Clinical Trials. Supplier hereby agrees to provide the protocol, assist with IRB approval, conduct site visits, train investigators, conduct statistical analyses, and provide a final report in respect of the Clinical Trials.





4.3 Approvals and Certifications

- (a) US. Supplier hereby agrees to use its best efforts to obtain all necessary approvals for the Products and/or proof of exemptions (where applicable) prior to December 31, 2007. If Supplier cannot obtain necessary approvals for the Products and/or proof of exemptions prior to March 31, 2008, Supplier agrees to refund to Distributor \$25,000 of the Licence Fee paid to Supplier. For greater certainty, the foregoing approvals relate solely to the Products, not to the integration of the Products with any Distributor equipment.
- (b) Other Geographic Markets. To the extent that regulatory approval is required, the Parties will agree upon estimates of the date of regulatory approval for Latin America and the Middle East (each, an “**Approval Date Estimate**”) within 60 days of completion of the final report for the US Clinical Trials. The Parties will use their best efforts to obtain all necessary approvals for the Products and/or proof of exemptions in Latin America and the Middle East. If the necessary approvals for the Products and/or proof of exemptions in Latin America or the Middle East cannot be obtained within three months of the Approval Date Estimate for such geographic market, Supplier agrees to refund to Distributor part of the License Fees paid to Supplier proportionate to the size for such geographic market, and in no event shall Distributor be entitled to a refund of any Clinical Trial Support Payment.
- (c) All Products supplied must conform to CE regulations as “recognized components”.

4.4 Exclusive Territory. Supplier hereby agrees not sell any Products directly to persons or otherwise authorize or abet the sale of any Products by any third party in the Exclusive Territory and shall refer to Distributor all inquiries for Products made from within the Exclusive Territory.

4.5 Products Integration. Supplier will identify and provide: (a) technical resources that, in Supplier’s reasonable judgement, are necessary to adequately integrate and test Products; (b) clinical resources that, in Supplier’s reasonable judgement, are necessary to adequately integrate and test Products; (c) marketing resources that, in Supplier’s reasonable judgement, are necessary to adequately support product; and (d) technical resources that, in Supplier’s reasonable judgement, are necessary to obtain relevant approvals for the integrated products in the territories licensed hereunder.

4.6 Support. Supplier shall be responsible for providing support for the Products to Distributor. Without limiting the foregoing, Supplier will make commercially reasonable efforts to provide telephone support to advise Distributor on the use of the Products, and to aid in resolving Distributors' and customers' issues with the Products during normal business hours. Supplier shall further make commercially reasonable efforts to direct all critical calls to the appropriate support staff and to respond to issues in a timely fashion.

4.7 Documentation and Training. Supplier shall provide Distributor with all documentation that is necessary to adequately utilize the Products, including any updates to such documentation. Distributor shall not, without express prior written authorization from Supplier, alter, modify or otherwise tamper with the content or appearance of the Supplier documentation or any part thereof. Training respecting the Products shall be provided as mutually agreed upon in writing by the Parties.

5. PRICE

[REDACTED]

[REDACTED]

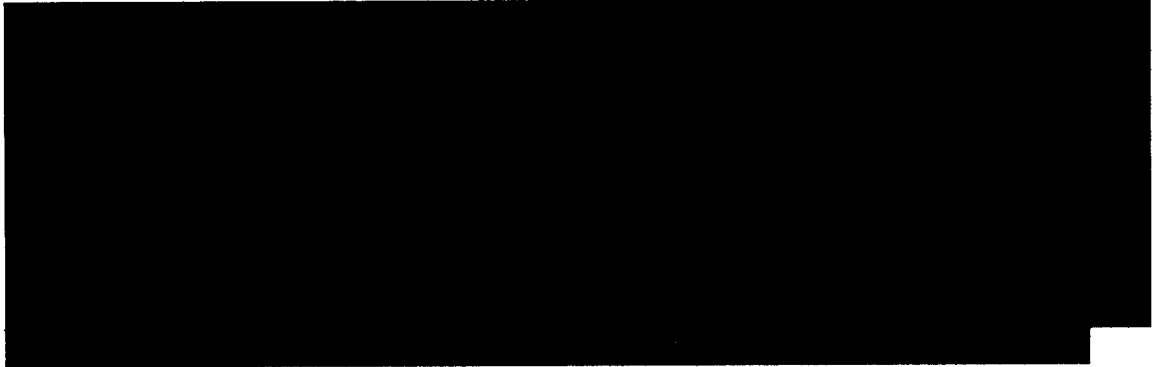
6. PAYMENTS; FORECASTING.

6.1 Obligation to Pay. Distributor shall pay Supplier when due, for all Products purchased by Distributor pursuant to the terms and conditions of this Agreement. All payments shall be made in U.S. Dollars without set-off or counterclaim, free and clear of any deduction or withholding. Notwithstanding the foregoing, in the event that Distributor disputes the amount owing to Supplier hereunder, Distributor shall promptly notify Supplier of such dispute, and if such dispute cannot be resolved by the parties within ten (10) business days, Distributor shall have the right to place such disputed amount in an account in trust, pending the resolution of the dispute, to be paid in accordance with the eventual resolution of the dispute. Distributor shall pay Supplier all undisputed amounts of the affected invoice in accordance with this section 6.

6.2 Payment. Distributor will make payment in respect of the Licence Fees and Clinical Trial Support Payments by Commercial Letter of Credit or Bank Wire Transfer on the date these amounts become payable under the terms of this Agreement. Distributor will make payment for Products by Commercial Letter of Credit or Bank Wire Transfer prior to the Products being shipped for the first \$100,000 in Products purchases. Thereafter, Distributor will make payment by company check [REDACTED] from date of Supplier's invoice.

6.3 Taxes. Payments made by Distributor to Supplier under this Agreement do not include any sales, use, value added or other taxes, customs duties, or similar tariffs and fees. Distributor will pay all Provincial, state, federal or local sales or use taxes that may

be imposed upon the amounts payable by Distributor hereunder, and Distributor will furnish Supplier promptly upon Supplier's request with an appropriate certificate of exemption or other documentation required to establish the absence of an obligation on Supplier's part to collect or withhold such taxes. Notwithstanding the foregoing, if Supplier collects any such taxes from Distributor, Supplier shall promptly remit such taxes to the appropriate authorities, and shall indemnify Distributor against any claims or damages resulting from Supplier's failure so to remit.



7. INTELLECTUAL PROPERTY.

7.1 Copyright and Trademark Rights for Promotion. Subject to the terms and conditions of this Agreement, Distributor shall have the non-transferable right during the term of this Agreement to use Supplier's copyrighted marketing and promotional materials and trademarks associated with the Products, Supplier's corporate logo and other trademarks relating to Supplier as a company, and any other intellectual property rights of Supplier needed to promote, market and distribute the Products, for the sole purpose of promoting, marketing and/or distributing the Products (the "**Marketing IP**"). For greater clarity, the right to use Marketing IP shall be exclusive in the Exclusive Territory and non-exclusive in the Non-Exclusive Territory. Supplier may provide from time to time in its sole discretion use guidelines to which Distributor shall strictly adhere when making any use of the Marketing IP.

7.2 Preservation of Supplier's Notices. Supplier may from time to time advise Distributor of required copyright, trademark and other proprietary notices to be included or used with the Products. Distributor agrees to adhere strictly with Supplier's requirements in this regard. Distributor agrees not to (and not to allow others to) remove, alter, cover over or deface Supplier's notices which appear in, or in connection with, the Products.

7.3 Title/Ownership. Distributor recognizes Supplier's ownership and title to the trademarks used in connection with the Products (hereafter "**Trademarks**") as well as Supplier's ownership of any copyrights or service marks or distinctive features of the packaging, including, but not limited to, trade dress, used in connection with the Trademarks. It is understood and agreed that Distributor has no right, title or interest in and to the Trademarks, copyrights, service marks or distinctive features of the packaging, including trade dress, used in connection with the Trademarks. Except as otherwise

provided herein, Distributor agrees that it will not use any of the Trademarks or other intellectual property set forth above in *any manner not expressly authorized hereunder or otherwise* without first obtaining the written approval of Supplier.

7.4 Use. Distributor agrees to display and/or use the Trademarks solely in connection with the promotion, distribution and sale of the Products. Any and all use of the Trademarks shall at all times inure to the benefit of Supplier, its successors and assigns, and such display and/or use is hereby authorized.

7.5 Registrations/Renewals. Distributor shall not, except as herein provided, undertake any action with respect to the registration, renewal or infringement of the Trademarks anywhere in the world, without the prior written consent of Supplier. In the event Distributor should, anywhere in the world, secure any such registrations, Supplier or its designee, as the case may be, shall be the beneficial owner thereof and Distributor shall immediately, upon the request of Supplier, make an assignment to Supplier, or its designee, of such registrations or surrender the same for cancellation, at Distributor's sole cost and expense, in accordance with the laws of the jurisdiction in which such registrations were obtained or are to be assigned or canceled. Notwithstanding the foregoing, if such action with respect to the registration, renewal or infringement is undertaken by Distributor with the prior written consent or request of Supplier and on Supplier's behalf, then all costs relating thereto shall be borne by the Supplier.

8. CONFIDENTIALITY. Each party acknowledges and agrees that, in the course of performing hereunder, it may have had and will have access to certain confidential, proprietary and trade secret information and/or know-how belonging to the other party (collectively, "**Confidential Information**"). Confidential Information may include, without limitation, formulae, specifications, technical, manufacturing, financial or marketing information relating to the Products or any information relating to the affairs of the business or method of carrying on the business of Supplier. The party receiving the other party's Confidential Information (the "**Receiving Party**") expressly undertakes to retain in confidence all Confidential Information, whether designated as such by the party disclosing the Confidential Information (the "**Disclosing Party**") or that, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as proprietary and/or confidential. The Receiving Party further agrees to use and disclose the Confidential Information solely for the purposes for which it is provided and to take reasonable precautions to prevent any unauthorized use or disclosure. The foregoing obligations will not apply with respect to any information that (i) is or becomes publicly available through no fault of the Receiving Party; (ii) was already in the Receiving Party's possession at the time of disclosure by the Disclosing Party; (iii) is obtained by the Receiving Party from third parties without restrictions on disclosure; (iv) is independently developed by the Receiving Party without reference to the Disclosing Party's Confidential Information; or (v) is required to be disclosed by order of a judicial or governmental authority. Neither Distributor nor Supplier will release any press release or other publicity relating to the Term Sheet or this Distribution Agreement without the prior written consent of the other party, nor utilize the other party's name or brands in any way without the prior written consent of the other party.

9. ORDER PROCEDURE; DELIVERY; SUPPLY OF PRODUCT.

9.1 Purchase Orders. Distributor will place orders, by way of a Purchase Order, in a form mutually agreed upon. Each Purchase Order will clearly identify the quantity of the Products or Products components being ordered. Supplier shall fulfill all such Purchase Orders in full unless otherwise mutually agreed upon in writing by the parties, acting reasonably.

9.2 Terms of Sale and Shipping. Supplier shall make commercially reasonable efforts to ship Distributor orders, that are within the forecasts produced pursuant to Section 6.2, within fourteen (14) days of receiving the purchase order from Distributor, and in any event, will make its best efforts to ship orders within thirty (30) days of receiving the purchase order from Distributor. Distributor will pay all freight from the Supplier's distribution facility, which is currently in <*>; however, Supplier shall arrange for the transportation of such freight. Transfer of title and risk of ownership occurs upon delivery by Supplier of Products to the Distributor's warehouse. Damage or loss during transportation from Supplier to Distributor's warehouse shall be at Supplier's risk.

9.3 Acceptance and Returns. A Products or Products component will be deemed accepted by Distributor unless Distributor notifies Supplier in writing within thirty (30) days after receiving Supplier's shipment of a defect in materials or workmanship, the Products' failure to conform to Supplier's written specifications for the Products or damage to the packaging of Products. Payment for a Products or Products component is not evidence of acceptance by Distributor, and acceptance does not waive Supplier's warranties or Distributor's remedies under this Agreement. Distributor will return the defective Products or Products component to Supplier, freight prepaid, in the same condition that Distributor received it. Supplier will credit Distributor's account for the return freight charges and promptly ship the replacement Products or Products component to Distributor.

9.4 Delivery Shortages. Distributor agrees to notify Supplier in writing of any shortages of the Products or Products components delivered by Supplier to Distributor's premises within fourteen (14) days of such delivery. This shortage will be made good by Supplier making its best efforts to deliver the missing quantity of the Products or Products components within thirty (30) days of notification by Distributor, provided that if Supplier will not be able to deliver the missing quantity of the Products or Products components within thirty (30) days of notification by Distributor, Supplier will promptly notify Distributor with an estimated timeframe within which Distributor will receive such missing Products or Products components and will diligently work to achieve such timeframe. In the event that such timeframe does not reasonably meet Distributor's requirements, Distributor will notify Supplier, and will work in good faith with Supplier to manage such shortages, which may include cancellation of the order and/or a refund or credit relating to such missing Products or Product components. If there are three (3) consecutive shipments with shortages of Products or Products components, or six (6) shipments with shortages of shortages of Products or Products components in any twelve (12) month period, and Supplier is repeatedly unable to deliver the missing quantity of

the Products or Products components within thirty (30) days of notification by Distributor, Distributor shall be entitled to terminate this Agreement without penalty.

9.5 Obligation to Sell/Changes to Terms. Supplier hereby agrees to sell or cause to be sold Products and Products components to Distributor, subject to all applicable import, export, currency and other laws and regulations. Products shall be sold to Distributor pursuant to the terms and conditions in this Agreement.

9.6 Adverse Event Reporting. Each of the parties shall promptly report to the other any allegations or actual instances of which it becomes aware of the Products causing adverse effects upon persons.

10. TERM; TERMINATION.

10.1 Term. Subject to the terms hereof, the term of this Agreement (the "Term") shall commence on the Effective Date and shall terminate on the seventh anniversary of the Effective Date, unless terminated sooner pursuant to Section 10.2 below.

10.2 Termination. This Agreement may be terminated prior to the expiration date as follows:

- (a) Either party may terminate this Agreement upon the occurrence of a material breach by the other party upon written notice of such default. The defaulting party shall have thirty (30) days from receipt of such notice to correct the alleged default. In the event that the default is not corrected in such thirty (30) days, this Agreement shall, at the option of the party not in default, be immediately terminated, and such party shall be entitled to seek any remedies provided herein and under applicable law.
- (b) Either party may terminate this Agreement if the other party (i) ceases to do business as a going concern; (ii) files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, an arrangement, the adjustment of its debts, or for any relief under the applicable bankruptcy or insolvency laws, (iii) applies for the appointment of a receiver or trustee for itself or for all or substantial part of its properties; (iv) makes an assignment for the benefit of creditors; (v) admits in writing its inability to pay debts as they mature; or (vi) has filed against it an involuntary petition in bankruptcy or seeking reorganization, an arrangement, readjustment of its debts or for any relief under the applicable bankruptcy or other insolvency laws; and any one of the foregoing actions referenced in this clause (vi) remains undismissed or undischarged for ninety (90) days.

10.3 Effect of Termination. Upon the effective date of expiration or termination of this Agreement pursuant to any provision hereof:

- (a) Distributor will immediately cease to be an authorized Supplier distributor and will refrain from representing itself as such and, in the case of any

termination other than for Distributor's breach, Distributor will be entitled to return to Supplier any remaining stocks of the Products or Products components in its possession and receive a full refund for such Products or Products components consisting of the price paid by Distributor for such Products or Products components.

- (b) Neither the expiration nor termination of this Agreement shall subject Supplier to any liability or obligation to Distributor or to any third party, either by operation of law or otherwise, except those liabilities or obligations expressed in this Agreement, but for greater certainty, any licenses to use the Products that may have been granted to any third party by Distributor in accordance with this Agreement shall survive expiration or termination of this Agreement, and Supplier shall honour such licenses.
- (c) To the extent that Supplier, or its designee, may have supplied to Distributor any stocks of the Products or Products components, either without charge, or without having received its full invoiced price for such Products or Products components within the terms of payment as set forth herein, Supplier, or its designee, shall have the right, paramount to all third parties but only as permitted by law, to repossess or possess as absolute owner, all or any portion of such stocks, to Distributor's or any third party's warehouse, without any charge to Supplier or its designee. To determine whether full payment has been made for any item hereunder in the case of termination of this Agreement due to Distributor's breach of this Agreement or Distributor's insolvency, each shipment shall be considered a separate obligation and Supplier shall apply all payments, in chronological order, to the oldest shipment first, notwithstanding any different method of application that may have been used by either party prior to expiration or termination of this Agreement.
- (d) Notwithstanding any contrary payment terms established from time to time pursuant to this Agreement, invoices for any and all Products and Products components that have been shipped to Distributor prior to termination or expiration hereof shall: (i) become immediately due and payable upon the effective date of such expiration or termination if this Agreement is terminated due to Distributor's breach of this Agreement or Distributor's insolvency, and (ii) become due and payable in accordance with the payment terms herein if this Agreement is terminated for any other reason.
- (e) Upon termination of this Agreement for any reason whatsoever, Distributor shall immediately discontinue use of, and refrain from using or registering the Trademarks, and any trademarks confusingly similar thereto, and Distributor further agrees it shall refrain from using trademarks, slogans, package designs, labels, trade dress or advertising copy, or other indication of origin associated with the Trademarks, or any

of them in any way and for any purpose whatsoever, anywhere in the world.

11. UNFAIR COMPETITION. Distributor shall immediately notify Supplier of any unauthorized sales of Products in the Territory, and any legal proceedings concerning such unauthorized sales of Products. However, the decision as to whether or not Supplier shall institute legal proceedings shall be within the sole and absolute discretion of Supplier exercised in advance of any actions taken by Supplier or Distributor, provided however that Supplier shall promptly make such decision and notify Distributor of its decision. In the event that Supplier opts not to institute legal proceedings, Distributor shall be entitled to do so, at its option, to protect its rights hereunder. If Distributor opts to institute legal proceedings following Supplier's decision not to do so, Supplier and Distributor will discuss in good faith amounts to be contributed by Supplier towards the cost of such legal proceedings, and any reimbursement of such amounts in the event that such proceedings are successful. Following Supplier's decision as to whose responsibility it is to institute legal proceedings, the Party who is responsible for such legal proceedings shall be solely responsible for the handling of the proceedings, including all decisions regarding strategy or settlement or the like, provided however that no settlement shall be entered into which prejudices the rights of the other Party to this Agreement without the prior written consent of such Party. The Party initiating legal action against any other party to enforce the rights hereunder shall promptly forward courtesy copies of all pleadings, evidence and other materials and correspondence to the Party not conducting the legal action. The Party not conducting the legal action shall take no action to prejudice the case of the Party conducting the legal action. Supplier shall not be responsible or otherwise liable to Distributor, customers of Distributor or any other third party whatsoever with respect to Products which is sold by Distributor to any person, place or entity other than authorized herein unless such liability is a result of wilful misconduct or gross negligence of Supplier.

12. WARRANTIES.

12.1 Warranties of Supplier.

- (a) Ownership; Right to License. Supplier warrants to Distributor that it is the owner of or has the right to license, sell, market and distribute the Products and to grant the rights granted to Distributor hereunder.
- (b) Performance Warranty. Supplier warrants to Distributor that, when used properly, the Products will perform substantially as described herein and in any Supplier documentation provided to Distributor.
- (c) Intellectual Property Infringement. Supplier warrants to Distributor that the Products and the exercise by Distributor of the rights granted hereunder do not infringe the intellectual property or other proprietary rights of any third person, including, without limitation, trademark, copyright and patent rights.
- (d) Disclaimer. SUPPLIER EXPRESSLY DISCLAIMS ALL WARRANTIES OTHER THAN THOSE PROVIDED ABOVE,

EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

12.2 Warranties of Distributor.

- (a) Distributor warrants that, in fulfilling its obligations pursuant to this Agreement it has complied and will comply with all applicable laws, rules and regulations regarding services performed subject to this Agreement.
- (b) Distributor warrants that it will avoid deceptive, misleading or unethical practices detrimental to Supplier or the public, including, without limitation, making representations, warranties or guarantees to end users or others with respect to the specifications, features or capabilities of Supplier's Products that exceed or are inconsistent with the literature and other documentation distributed by Supplier, including, but not limited to, all warranties and disclaimers contained in Supplier documentation.

12.3 Warranty Claims by End Users. In the event that Distributor's customers return the Products pursuant to issues relating to the Performance Warranty set forth in Section 12.1 (b) above or pursuant to a recall of the Products by the Supplier, Distributor shall be entitled to direct all such warranty claims to Supplier for direct response.

13. INDEMNIFICATION.

13.1 By Supplier. Supplier will indemnify and hold Distributor harmless from and against any and all liability, damage, loss, cost or expense (including reasonable legal fees, expenses and costs of investigation) incurred by Distributor and resulting from, arising out of or relating to the material breach by Supplier of any of its representations, warranties, covenants or agreements contained in this Agreement, its wrongful negligent acts or wilful misconduct, or any claim, demand or suit by any third party for damages alleging that the use of the Products or Products components or the exercise by Distributor of any rights granted under this Agreement infringes the copyright, patent or any other intellectual property rights of such third party, or any claim, demand or suit by any third party alleging that the use of the Products or Products components has caused injury to persons or damage to property (other than any use that was authorized by Distributor in contravention to the terms of this Agreement), provided however that the forgoing indemnity shall not apply to the extent that any such liability, damage, loss, cost or expense is proximately attributable to an act or omission of Distributor.

13.2 By Distributor. Distributor shall indemnify and hold Supplier harmless from and against any and all liability, damage, loss, cost, expense, settlement or judgment (including reasonable legal fees, expenses and costs of investigation) resulting from, arising out of or relating to the material breach by Distributor of any of its representations, warranties, covenants or agreements contained in this Agreement, its wrongful negligent acts or wilful misconduct, or any claim, demand or suit by a third party for damages resulting from, arising out of or relating to the exercise by Distributor

of any distribution rights under this Distribution Agreement, provided however that the forgoing indemnity shall not apply to the extent that any such liability, damage, loss, cost or expense is proximately attributable to an act or omission of Supplier.

13.3 Each party's indemnity obligations hereunder are contingent upon: (a) the indemnifying party promptly being notified in writing of such claim, (b) the indemnifying party having the sole control of the defense and/or settlement thereof, (c) the indemnified party furnishing to the indemnifying party on request any information in the indemnified party's possession or control for such defense, (d) the indemnified party not admitting any such claim and/or making any payments with respect to such claim without the prior written consent of the indemnifying party, and (e) the indemnified party, at the indemnifying party's expense, cooperating with, and providing such assistance to the indemnifying party in the defense of such claims as reasonably requested by the indemnifying party.

14. LIMITATION OF LIABILITY.

14.1 Limitation. The remedies provided in this Agreement are Distributor's sole and exclusive remedies against Supplier. IN NO EVENT WILL EITHER PARTY BE LIABLE FOR INDIRECT, SPECIAL, PUNITIVE, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY, EVEN IF SUCH PARTY HAS BEEN NOTIFIED IN ADVANCE OF SUCH POSSIBILITY. IN NO EVENT SHALL EITHER PARTY'S AGGREGATE LIABILITY HEREUNDER FOR ANY REASON WHATSOEVER OR WITH RESPECT TO ANY PRODUCT EXCEED THE GREATER OF (A) THE SUMS PAID BY DISTRIBUTOR FOR THE PRODUCT GIVING RISE TO THE CLAIM OR (B) \$500,000. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES, SO THE FOREGOING LIMITATION MAY NOT APPLY IN ALL CIRCUMSTANCES.

14.2 Time Limit on Actions. No action, regardless of form, arising out of any breach or claimed breach of this Agreement may be brought more than two (2) years after the cause of action has accrued. For purposes of this Agreement, a cause of action will be deemed to have accrued when the party seeking to bring the action first knows or reasonably should have known of the breach or claimed breach.

14.3 The limitations, exclusions and disclaimers set out in this Agreement shall: (a) apply to each party and its affiliated companies as well as each party's and such affiliated companies' directors, officers, employees, and independent contractors; (b) not apply to a claim in relation to injury to person or death; (c) not apply to a misappropriation or infringement by any party of any other party's intellectual property rights; (d) not apply to a breach by any party of its confidentiality obligations; and (e) not apply to the indemnity obligations expressly set out herein.

15. EQUITABLE RELIEF. The parties hereto acknowledge and agree that breach of Sections 7 or 8 of this Agreement by Distributor will cause irreparable harm to Supplier, and

that breach of Sections 1 or 4.2 of this Agreement by Supplier will cause irreparable harm to Distributor, and that monetary damages will be inadequate fully to compensate the affected party for such breach. Consequently, in such event and in addition to any other remedies available at law or in equity, each party agrees that the other party shall be entitled to apply to any court of competent jurisdiction, without the need for posting any bond or comparable security, for the entry of an immediate order to restrain or enjoin the breach of said covenants by the other party and otherwise specifically to enforce the provisions of this Agreement. Each party hereby waives the claim or defense in any such action that the other party has an adequate remedy at law or in damages, and shall not urge in any such action or proceeding any such claim or defense, all without affecting such party's right to also recover any damages it suffers.

16. GENERAL PROVISIONS.

16.1 Governing Law. This Agreement shall be governed by, construed and interpreted in accordance with the laws of the Province of Ontario, and the laws of Canada applicable therein. This Agreement shall not be governed by the United Nations Convention on Contracts for the International Sale of Goods, the application of which is expressly disclaimed.

16.2 Service. Each of the parties irrevocably consents to the service of the summons and complaint and to any other process which may be served in any such action or proceeding by mailing copies thereof to such party at its address as specified herein.

16.3 Venue. Venue and jurisdiction for any action or proceeding brought to enforce or otherwise arising out of or relating to this Agreement shall be commenced in the City of Vancouver in the Province of British Columbia if such action or proceeding is brought by Distributor and in the City of Toronto in the Province of Ontario if such action or proceeding is brought by Supplier. Both parties hereby irrevocably submit to the jurisdiction of such courts over each of them in connection with such litigation, and irrevocably waive to the fullest extent permitted by law any objection to venue in such courts and any claim that such forum is an inconvenient forum.

16.4 Currency. All monetary amounts referred to herein shall refer to the lawful currency of the US unless otherwise expressly stated.

16.5 Entire Agreement. This Agreement constitutes the entire agreement between Supplier and Distributor with respect to the subject matter hereof and shall not be amended or modified without specific written provision to that effect, signed by the parties. No oral statement, prior written correspondence, prior dealings, any prior communication, or any understandings of any nature of or by any persona whomsoever shall, in any manner or degree, modify or otherwise affect the terms and provisions of this Agreement by either party, or deletions thereto, whether by alterations, addenda, or otherwise, shall be of no force and effect, unless expressly consented to by the other party in writing. This Agreement specifically supersedes the binding Term Sheet For Distribution Agreement dated May 17, 2007, executed by the parties prior to this Agreement.

16.6 Force Majeure. The obligations of Supplier and Distributor under this Agreement shall be temporarily suspended in the event of strikes, riots, war, invasion, fire, explosion, accident, delays in carriers, acts of God and all other delays beyond the obligated party's reasonable control, and any failure to perform by that party as a result of any such interference or interruption shall not be deemed a default. Performance may be suspended for the period of any such delay. The party whose performance is suspended shall notify in writing the other party within five (5) days of such suspension. In the event that the performance by one party is delayed by at least thirty (30) days for any reason contemplated in this Article, the other party may elect to terminate this Agreement on written notice.

16.7 Assignment. Neither party shall assign or subcontract its rights or obligations under this Agreement, including in the context of any sale of such party, in whole or in part, without prior written consent of the other party, such consent not to be unreasonably withheld, conditioned or delayed. Any attempt to assign any of the rights or obligations of this Agreement without such consent is void. The rights and liabilities of the parties hereto will bind and inure to the benefit of the parties' respective permitted successors and assigns.

16.8 Headings. The title and article headings of this Agreement are inserted for convenience only and are not intended to affect the meaning or interpretation of this Agreement.

16.9 Waiver. No course of dealing or failure of either party to strictly enforce any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition.

16.10 Relationship. Each party shall perform its obligations hereunder as an independent contractor, and nothing contained in this Agreement shall be construed to create or imply a joint venture, partnership, principal-agent, or employment relationship between the parties. This Agreement shall not create the relationship of an employer and employee, a partnership, or a joint venture. Each Party shall be responsible for obtaining and maintaining all proper business registrations or licenses required by federal, state or local law for an individual or business to conduct the business, and shall be responsible for all income taxes, unemployment taxes, social security, workers' compensation insurance, or other taxes, expenses or deductions relating to its business. Except as expressly authorized in writing by the other Party, neither Party shall have the authority to bind, obligate or commit the other Party by any promise or representation.

16.11 Notice. Any notice that, under the terms of this Agreement or under any statute, must or may be given or made by either party shall be in writing and shall be given or made by certified or registered mail addressed to the respective parties as follows. Changes to such address must be specified by written notice.

If to Distributor:

<*>
<*>

If to Supplier:

<*>
<*>

16.12 Government Approvals. Other than the approvals and consents expressly enumerated in this Agreement, Distributor shall have the sole responsibility for obtaining any and all approvals for the activities described hereunder, including, but not limited to, the shipment of Products into the Territory.

16.13 Time of the Essence. Time shall be of the essence for this Agreement and the matters contemplated herein.

16.14 Counterparts. This Agreement may be executed in one or more original or facsimile counterparts, each of which shall be deemed an original, but together which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives.

SUPPLIER:
URODYNAMIX TECHNOLOGIES LTD.

By: *“Barry Allen”*

Its: President and Chief Executive Officer

DISTRIBUTOR:
**LABORIE MEDICAL
TECHNOLOGIES INC.**

By: *“Ing Goping”*

Its: President and Chief Executive Officer

EXHIBIT A

PRODUCT

URO NIRS Bladder Monitor, being a technology owned and developed by Supplier to aid in the diagnosis of urological conditions including LUTS, OAB and SUI as part of an integrated device using Distributor UDS and uroflow products, and all updates and upgrades thereto.

EXHIBIT B

MINIMUM PURCHASES

CONTRACT PERIOD

MINIMUM PURCHASES OF PRODUCTS

Exclusive Territory

Non-Exclusive Territory

EXHIBIT C

PRICING

<u>PRODUCT DESCRIPTION</u>	<u>PRICE</u>
NIRS disposable single use sensor	[REDACTED]
NIRS controller (complete)	[REDACTED]
NIRS PCB and Laser sub-assembly	[REDACTED]