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Ministry of Consumer and Business Services — Ministère des Services aux consommateurs et aux entreprises

Ontario

CERTIFICATE
This is to certify that these articles are effective on

CERTIFICAT
Ceci certifie que les présents statuts entrent en vigueur le

FEBRUARY 1 5 FÉVRIER, 2006

Director / Directrice
Business Corporations Act / Loi sur les sociétés par actions

Ontario Corporation Number
*Numéro de la société en Ontario*

**1689438**

1

Form 4
*Business Corporations Act*

*Formule 4*
*Loi sur les sociétés par actions*

## ARTICLES OF AMALGAMATION
## *STATUTS DE FUSION*

1. The name of the amalgamated corporation is: (Set out in BLOCK CAPITAL LETTERS)
*Dénomination sociale de la société issue de la fusion* (écrire en LETTRES MAJUSCULES SEULEMENT) :

PIONEERING TECHNOLOGY INC.

2. The address of the registered office is:
*Adresse du siège social :*

220 Britannia Road East

(Street & Number or R.R. Number & if Multi-Office Building give Room No.)
*(Rue et numéro, ou numéro de la R.R. et, s'il s'agit d'un édifice à bureaux, numéro du bureau)*

Mississauga **Ontario** L4Z 1S6

(Name of Municipality or Post Office) (Postal Code / *Code postal*)
(Nom de la municipalité ou du bureau de poste)

3. Number of directors is/are: **or** minimum and maximum number of directors is/are:
*Nombre d'administrateurs :* **ou** *nombres minimum et maximum d'administrateurs :*

| Number / *Nombre* | or / ou | minimum / *minimum* | and / *et* maximum / *maximum* |
|---|---|---|---|
| | | 3 | 15 |

4. The director(s) is/are:
Administrateur(s) :

| First name, middle names and surname<br>*Prénom, autres prénoms et nom de famille* | Address for service, giving Street & No. or R.R. No., Municipality, Province, Country and Postal Code<br>*Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal* | Resident Canadian State 'Yes' or' No'<br>*Résident canadien Oui/Non* |
|---|---|---|
| Kevin R. Callahan | 174 Rosewell Avenue, Toronto, Ontario, Canada M4R 2A6 | Yes |
| G. Scott Paterson | 66 Rowanwood Avenue, Toronto, Ontario, Canada M4W 1Y9 | Yes |
| Patrick S. Keane | 1081 Argyle Drive, Oakville, Ontario, Canada L6J 1A9 | Yes |
| Paul H. Harricks | 24 Donwoods Drive, Toronto, Ontario, Canada M4N 2G1 | Yes |

4. The director(s) is/are:
Administrateur(s) :

| First name, middle names and surname<br>*Prénom, autres prénoms et nom de famille* | Address for services, giving street & No. or R.R. No., Municipality, Province, Country and Postal code.<br>*Domicile élu, y compris la rue et le numéro ou le numéro de la R.R., le nom de la municipalité, la province, le pays et le code postal* | Resident Canadian State 'Yes' or 'No'<br>*Résident canadien Oui/Non* |
|---|---|---|
| Kaleil Isaza-Tuzman | 40 Broad Street, Suite 500, New York, New York, U.S.A. 10004 | No |

5. **Check A <u>or</u> B**
***Cocher A <u>ou</u> B***

[x] A) The amalgamation agreement has been duly adopted by the shareholders of each of the amalgamating corporations as required by subsection 176 (4) of the *Business Corporations Act* on the date set out below.

*A) Les actionnaires de chaque société qui fusionnne ont dûment adopté la convention de fusion conformément au paragraphe 176(4) de la* Loi sur les sociétés par actions *à la date mentionnée ci-dessous.*

**<u>or</u>**
**<u>ou</u>**

[ ] B) The amalgamation has been approved by the directors of each amalgamating corporation by a resolution as required by section 177 of the *Business Corporations Act* on the date set out below.

*B) Les administrateurs de chaque société qui fusionne ont approuvé la fusion par voie de résolution conformément à l'article 177 de la* Loi sur les sociétés par actions *à la date mentionnée ci-dessous.*

The articles of amalgamation in substance contain the provisions of the articles of incorporation of
*Les statuts de fusion reprennent essentiellement les dispositions des statuts constitutifs de*

PIONEERING TECHNOLOGY INC.

and are more particularly set out in these articles.
*et sont énoncés textuellement aux présents statuts.*

| Names of amalgamating corporations *Dénomination sociale des sociétés qui fusionnent* | Ontario Corporation Number *Numéro de la société en Ontario* | Date of Adoption/Approval *Date d'adoption ou d'approbation* Year / année Month / mois Day / jour |
|---|---|---|
| Pioneering Technology Inc. | 1319196 | 2006-Feb-15 |
| Lemontonic Inc. | 1534788 | 2006-Feb-15 |

6. Restrictions, if any, on business the corporation may carry on or on powers the corporation may exercise.
*Limites, s'il y a lieu, imposées aux activités commerciales ou aux pouvoirs de la société.*

None

7. The classes and any maximum number of shares that the corporation is authorized to issue:
*Catégories et nombre maximal, s'il y a lieu, d'actions que la société est autorisée à émettre :*

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series.

8. Rights, privileges, restrictions and conditions (if any) attaching to each class of shares and directors authority with respect to any class of shares which may be issued in series:
*Droits, privilèges, restrictions et conditions, s'il y a lieu, rattachés à chaque catégorie d'actions et pouvoirs des administrateurs relatifs à chaque catégorie d'actions qui peut être émise en série :*

See pages 4A through to and including 4C attached.

**COMMON SHARES**

Subject to the rights of any class of shares that are expressed to rank prior to them, the Common Shares shall have the following rights, privileges, restrictions and conditions:

1. **Voting Rights**: The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation, and at all such meetings, the holders of the Common Shares shall be entitled to one (1) vote in respect of each Common Share held by them.

2. **Payment of Dividends**: Subject to the *Business Corporations Act* (Ontario) (the "**Act**"), the holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of the Common Shares, the board of directors may in their sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

3. **Participation upon Liquidation, Dissolution or Winding-Up**: In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive the assets of the Corporation upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in any distribution of the assets of the Corporation.

**PREFERRED SHARES**

**ARTICLE ONE**

**DEFINITIONS**

In these definitions:

**1.1** "**Act**" means the *Business Corporations Act* (Ontario) as now enacted or as it may from time to time be amended or re-enacted.

**1.2** "**articles**" has the meaning ascribed to the term in subsection 1(1) of the Act.

**1.3** "**Corporation**" means Pioneering Technology Inc.

**1.4** "**Director**" means the director appointed under Section 278 of the Act.

**1.5** **"directors"** means the directors of the Corporation in reference to any action by the directors means action taken by them by resolution of the Board.

**1.6** **"Financial Year"** means the financial year adopted from time to time by the Corporation.

**1.7** **"holder"**, in respect of shares held by joint holders means all such joint holders.

**1.8** **"these provisions"** means the provisions of this item of these articles of the Corporation as amended or restated from time to time.

1.8 The expressions "article" or "section" followed by a number refer to the specified article or section of these provisions.

## ARTICLE TWO

## PREFERRED SHARES

The rights, privileges, restrictions and conditions attaching to the preferred shares, as a class (the "**Preferred Shares**"), are as follows:

**2.1** **<u>Directors' Right to Issue in One or More Series</u>**: Preferred Shares may be issued at any time and from time to time in one or more series. Before the issue of shares of any such series, the directors shall, subject to the limitations set out in the articles, fix the number of, and determine the designation, rights, privileges, restrictions and conditions attaching to, the shares of such series including, without limitation:

- (a) if redeemable or purchasable, the redemption or purchase prices and the terms and conditions of redemption or purchase;
- (b) the voting rights, if any;
- (c) any conversion, exchange or reclassification rights; and
- (d) any other terms not inconsistent with these provisions;

the whole being subject to receipt by the Director of articles of amendment designating such series of shares and the issue by the Director of a certificate of amendment with respect thereto.

**2.2** **<u>Ranking of Preferred Shares</u>**: The Preferred Shares of each series shall, with respect to the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any distribution of its assets among its shareholders for purposes of winding up its affairs, if as determined by the Directors of the Corporation rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and the shares of any class ranking junior to the Preferred Shares. The Preferred Shares of any series will also be entitled to such other preferences and rights as may be fixed in accordance with section 2.1.

**2.3** **<u>Restrictions on Issue of Shares</u>**: No Preferred Shares may be issued if the Corporation is in breach of any of the provisions attaching to, any outstanding series of Preferred Shares without the approval of the holders of their Preferred Shares given in accordance with section 2.4.

**2.4** **<u>Approval of Holders of Preferred Shares</u>**: The approval of the holders of the Preferred Shares as to any matters referred to in these provisions may be given:

(a) in writing signed by all of the holders of the Preferred Shares; or

(b) by resolution passed by the affirmative vote of the holders of not less than two-thirds of the then issued and outstanding Preferred Shares taken either at a special meeting of the holders of the Preferred Shares or as a separate vote at a special meeting of the shareholders of the Corporation, in either case called to consider such resolution.

At any special meeting of, or upon any separate vote at a special meeting of the shareholders of the Corporation by, the holders of the Preferred Shares, each holder will be entitled to one vote for each Preferred Share held by such holder. The provisions of the by-laws of the Corporation governing the giving to shareholders of notice of, the quorum required to legally constitute, voting by proxy at, the conduct of and the procedure at, special meetings of the shareholders will apply, with such changes as may be appropriate to suit the circumstances, to the same matters with respect to any special meeting of the holders of the Preferred Shares.

9. The issue, transfer or ownership of shares is/is not restricted and the restrictions (if any) are as follows:
*L'émission, le transfert ou la propriété d'actions est/n'est pas restreint. Les restrictions, s'il y a lieu, sont les suivantes :*

None.

10. Other provisions, (if any):
*Autres dispositions, s'il y a lieu :*

None.

11. The statements required by subsection 178(2) of the *Business Corporations Act* are attached as Schedule "A".
*Les déclarations exigées aux termes du paragraphe 178(2) de la* Loi sur les sociétés par actions *constituent l'annexe A.*

12. A copy of the amalgamation agreement or directors' resolutions (as the case may be) is/are attached as Schedule "B".
*Une copie de la convention de fusion ou les résolutions des administrateurs (selon le cas) constitue(nt) l'annexe B.*

These articles are signed in duplicate.
*Les présents statuts sont signés en double exemplaire.*

Names of the amalgamating corporations and signatures and descriptions of office of their proper officers.
*Dénomination sociale des sociétés qui fusionnent, signature et fonction de leurs dirigeants régulièrement désignés.*

**Pioneering Technology Inc.**
**Per:**

**Kevin R. Callahan**
**President**

**Lemontonic Inc.**
**Per:**

**Mark R. Pavan**
**President & CEO**

**SCHEDULE "A"**

***BUSINESS CORPORATIONS ACT* (ONTARIO)**

**STATEMENT OF DIRECTOR/OFFICER RESPECTING AMALGAMATION**

**OF**

**PIONEERING TECHNOLOGY INC.**
(THE "CORPORATION")

**AND**

**LEMONTONIC INC.**

I, Kevin R. Callahan, of the City of Toronto, in the Province of Ontario, hereby certify and state as follows:

1. This statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario).

2. I am a director of the Corporation, one of the amalgamating corporations listed in the Articles of Amalgamation to which this statement is attached, and as such have knowledge of its affairs.

3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements hereinafter set forth.

4. There are reasonable grounds for believing that:

   (a) the Corporation is and the amalgamated corporation will be able to pay their respective liabilities as they become due ;

   (b) the realizable value of the amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes; and

   (d) no creditor will be prejudiced by the amalgamation.

DATED as of the 15th day of February, 2006.

Kevin R. Callahan
President

TOR_LAW\ 6238306\1

**SCHEDULE “A”**

***BUSINESS CORPORATIONS ACT* (ONTARIO)**

**STATEMENT OF DIRECTOR/OFFICER RESPECTING AMALGAMATION**

**OF**

**LEMONTONIC INC.**
(THE “CORPORATION”)

**AND**

**PIONEERING TECHNOLOGY INC.**

I, Mark R. Pavan, of the City of Toronto, in the Province of Ontario, hereby certify and state as follows:

1. This statement is made pursuant to subsection 178(2) of the *Business Corporations Act* (Ontario).

2. I am a director of the Corporation, one of the amalgamating corporations listed in the Articles of Amalgamation to which this statement is attached, and as such have knowledge of its affairs.

3. I have conducted such examinations of the books and records of the Corporation as are necessary to enable me to make the statements hereinafter set forth.

4. There are reasonable grounds for believing that:

   (a) the Corporation is and the amalgamated corporation will be able to pay their respective liabilities as they become due ;

   (b) the realizable value of the amalgamated corporation's assets will not be less than the aggregate of its liabilities and stated capital of all classes; and

   (d) no creditor will be prejudiced by the amalgamation.

DATED as of the 15th day of February, 2006.

Mark R. Pavan
President and CEO

**SCHEDULE "B"**

**RESTATED AND AMENDED AMALGAMATION AGREEMENT**

**THIS AMALGAMATION AGREEMENT** made as of the 19th day of December, 2005.

**BETWEEN:**

**LEMONTONIC INC.**, a body corporate amalgamated and existing under the laws of the Province of Ontario
(hereinafter called "Lemontonic")

OF THE FIRST PART

- and -

**PIONEERING TECHNOLOGY INC.**, a body corporate incorporated under the laws of the Province of Ontario
(hereinafter called "Pioneering")

OF THE SECOND PART

**WHEREAS** Lemontonic and Pioneering wish to merge and continue as one corporation in accordance with the terms and conditions hereof; and

**WHEREAS** Lemontonic and Pioneering wish to effect the merger of their businesses through the amalgamation of Lemontonic with Pioneering; and

**WHEREAS** the parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed amalgamation;

**WHEREAS** Lemontonic and Pioneering are a party to a letter agreement dated April 26, 2005, as amended by letter agreement dated September 16, 2005 and an amalgamation agreement dated September 27, 2005 (collectively, the "Prior Agreements"); and

**WHEREAS** the parties desire to amend the Prior Agreements;

**NOW THEREFORE THIS AGREEMENT WITNESSETH** in consideration of the above premises and of the covenants, agreements, representations and warranties hereinafter contained, the parties hereto agree as follows:

## ARTICLE 1
## INTERPRETATION

1.1 **Definitions.** In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms shall have the meanings hereinafter set forth:

(a) **"Agreement"**, "this Agreement", "herein", "hereby", "hereof", "hereunder" and similar expressions mean or refer to this agreement, together with the schedules hereto and any amendments hereto;

(b) **"Amalco"** means the continuing corporation to be constituted upon completion of the Amalgamation, to be named "Pioneering Technology Inc.";

(c) **"Amalco Common Shares"** means the common shares in the capital of Amalco;

(d) **"Amalco Lemontonic New Replacement Agent's Options"** means the up to 821,325 agent's options of Amalco to be issued in replacement for the 2,053,313 outstanding Lemontonic New Agent's Options issued in connection with the Lemontonic Private Placement, each entitling the holder to acquire one Amalco Unit at a price of $0.15 per unit until November 3, 2007, in accordance with their terms;

(e) **"Amalco Lemontonic New Replacement Warrants"** means the 4,106,626 share purchase warrants of Amalco to be issued pursuant to the Amalgamation in replacement for the 20,533,130 outstanding Lemontonic New Warrants, each entitling the holder to acquire one Amalco Common Share at a price of $0.50 per share until November 3, 2007, in accordance with their terms;

(f) **"Amalco Lemontonic Replacement Agent's Options"** means the 690,000 agent's options of Amalco to be issued in replacement for the 3,450,000 outstanding Lemontonic Agent's Options, as adjusted for any exercise after the date hereof, if any, each entitling the holder to acquire one Amalco Common Share at a price of $0.75 per share until January 14, 2007, in accordance with their terms;

(g) **"Amalco Lemontonic Replacement Options"** means the 1,687,239 stock options of Amalco to be issued pursuant to the Amalgamation in replacement for the 8,436,197 outstanding Lemontonic Options, as adjusted for any exercise after the date hereof, if any, each entitling the holder to acquire one Amalco Common Share at prices ranging from $0.75 to $2.00 per share with expiry dates ranging from September 1, 2008 to January 25, 2010, in accordance with their terms;

(h) **"Amalco New Options"** means the stock options of Amalco to be issued as determined by the Board of Directors of Amalco, each entitling the holder to acquire one Amalco Common Share at $0.15 per share until five years from the date of grant, in accordance with their terms;

(i) **"Amalco Preferred Shares"** means the non-voting preferred shares, Series 1 in the capital of Amalco, each share being redeemed by Amalco for $0.06 per share if, as and when determined by the board of directors of Amalco;

(j) **"Amalco Registrar and Transfer Agent"** means Olympia Trust Company, and any other person which may be appointed as registrar and transfer agent of Amalco from time to time;

(k) **"Amalco Stock Option Plan"** means the new 10% rolling incentive stock option plan of Lemontonic to be approved by the shareholders of Lemontonic at the Meeting and to be in a form satisfactory to Pioneering;

(l) **"Amalgamation"** means the amalgamation of Lemontonic and Pioneering pursuant to Section 175 of the OBCA provided for herein;

(m) **"Articles of Amalgamation"** means the Articles of Amalgamation with respect to the amalgamation of Lemontonic and Pioneering, in such form as the parties to this Agreement may agree upon, each acting reasonably;

(n) **"associate"**, **"affiliate"**, **"insider"** and **"promoter"** have the respective meanings ascribed thereto in the *Securities Act* (Ontario);

(o) **"Business Day"** means any day other than a Saturday or Sunday or a day when banks in the Cities of Calgary and Toronto are not generally open for business;

(p) **"Certificate of Amalgamation"** means the certificate of amalgamation for the Amalgamation issued by the Director pursuant to Subsection 178(4) of the OBCA;

(q) **"Closing"** means the closing of the Amalgamation;

(r) **"Closing Date"** means the date of the Closing, which shall be within seven (7) Business Days following the date of the Meeting, or such other date as Lemontonic and Pioneering may collectively agree, acting reasonably, and in any event not later than February 15, 2006;

(s) **"Director"** the means the Director appointed under the OBCA;

(t) **"Effective Date"** means the effective date of the Amalgamation, which shall be the date of the Certificate of Amalgamation;

(u) **"Employment Agreements"** means the two year employment agreements to be entered into between Pioneering and each of Kevin R. Callahan and Dr. Reza Shah at the Closing to be in form satisfactory to Lemontonic and the parties thereto, each acting reasonably;

(v) **"Information Circular"** means the notice of special meeting and information circular of Lemontonic to be delivered by Lemontonic to its shareholders in connection with the Meeting;

(w) **"Lemontonic"** means Lemontonic Inc., a public company incorporated under the OBCA with its head and registered office in Toronto, Ontario;

(x) **"Lemontonic Agent's Options"** means the 3,450,000 outstanding agent's options of Lemontonic, as adjusted for any exercise after the date hereof, if any, each entitling the holder to purchase one Lemontonic Common Share at a price of $0.15 per share until January 14, 2007, in accordance with their terms;

(y) **"Lemontonic Common Shares"** means the class A shares in the capital of Lemontonic;

(z) **"Lemontonic Class B Shares"** means the class B shares in the capital of Lemontonic;

(aa) **"Lemontonic Letter of Transmittal"** means the letter of transmittal to be used by the shareholders of Lemontonic to exchange their Lemontonic Common Shares for Amalco Common Shares;

(bb) **"Lemontonic New Agent's Options"** means the 2,053,313 outstanding agent's options of Lemontonic, each entitling the holder thereof to acquire one Lemontonic Unit at a price of $0.06 per Lemontonic Unit until November 3, 2007, in accordance with their terms;

(cc) **"Lemontonic New Warrants"** means the share purchase warrants of Lemontonic, comprising part of the Lemontonic Units, each entitling the holder to purchase one Lemontonic Common Share at a price of $0.10 per share until November 3, 2007, in accordance with their terms;

(dd) **"Lemontonic Private Placement"** means the private placement by Lemontonic of 20,533,130 Lemontonic Subscription Receipts at a price of $0.06 per receipt for gross proceeds of approximately $1,231,988, which was completed on November 3, 2005;

(ee) **"Lemontonic Options"** means the 8,436,197 outstanding stock options of Lemontonic, as adjusted for any exercise after the date hereof, each entitling the holder to purchase one Lemontonic Common Share at prices ranging from $0.15 to $0.40 per share until expiry dates ranging from September 1, 2007 to January 25, 2010, in accordance with their terms;

(ff) **"Lemontonic Stock Option Plan"** means the current incentive stock option plan of Lemontonic;

(gg) **"Lemontonic Subsidiary"** means 1395053 Ontario Limited, a wholly-owned subsidiary of Lemontonic incorporated under the laws of Ontario;

(hh) **"Lemontonic Subscription Receipts"** means the subscription receipts of Lemontonic, each entitling the holder to: (i) automatically receive one Lemontonic Unit concurrent with the completion of the Amalgamation in such a manner as to allow the holder to receive Amalco Common Shares, Amalco Lemontonic New Replacement Warrants and Amalco Preferred Shares pursuant to the Amalgamation in accordance with Section 2.14 hereof; or (ii) if the Amalgamation has not closed by four months and one day after the closing date of the Lemontonic Private Placement, then to receive their subscription funds back and have the Lemontonic Subscription Receipts cancelled; or (iii) within three business days after the subscriber's election, to receive one Lemontonic Unit.

(ii) **"Lemontonic Units"** means the units of Lemontonic to be received by investors in the Lemontonic Private Placement upon exercise of the Lemontonic Subscription Receipts or to be issued pursuant to the Lemontonic New Agent's Options, each consisting of one Lemontonic Class B Share and one Lemontonic New Warrant;

(jj) **"Lemontonic Warrants"** means the 2,356,594 outstanding share purchase warrants of Lemontonic, as adjusted for any exercise after the date hereof, if any, each entitling the holder to purchase one Lemontonic Common Share at prices ranging from $0.15 to $0.45 per share until expiry dates ranging from December 31, 2005 to January 29, 2006, in accordance with their terms;

(kk) **"Majority of the Minority Approval"** means the approval of the Reverse Takeover (as defined in the TSX Venture policies) by the majority of the votes cast by shareholders, other than:

(i) Non Arm's Length Parties (as defined in the TSX Venture policies) to the issuer;

(ii) Non Arm's Length Parties (as defined in the TSX Venture policies) to the Reverse Takeover; and

(iii) in the case of a Related Party Transaction (as defined in the TSX Venture policies):

(1) if the issuer holds its own shares, the issuer; and

(2) a Person acting jointly or in concert with a Person referred to in paragraph (a) or (b) in respect of the transaction;

at a properly constituted meeting of the voting shareholders of the issuer;

(ll) **"Meeting"** means the special meeting of the shareholders of Lemontonic to consider and, if thought fit, to approve the Amalgamation under the OBCA and certain other matters;

(mm) **"Non-Competition Agreements"** means the non-competition, non-solicitation and confidentiality agreements to be entered into concurrent with or prior to Closing between Pioneering and each of Kevin R. Callahan and Reza Shah, pursuant to which these parties will agree to not compete with Pioneering for a period of three years, and will also agree to maintain confidentiality of the business and affairs of Pioneering from the Closing Date;

(nn) **"OBCA"** or **"Act"** means the *Business Corporations Act* (Ontario), as from time to time amended or re-enacted and includes any regulations heretofore or hereafter made pursuant to the OBCA;

(oo) **"Person"** means a natural person, firm, corporation, trust, partnership, joint venture, governmental body or agency or association;

(pp) **"Pioneering"** means Pioneering Technology Inc., a private company incorporated under the OBCA with its head office located in Mississauga, Ontario;

(qq) **"Pioneering Bridge Financing"** means the loan of $200,000 made to Pioneering on December 12, 2005, by a third party lender, such loan bearing interest at 24% per year, and pursuant to which such lender will also receive 50,000 Pioneering Common Shares after completion of the Pioneering Reorganization but immediately prior to completion of the Amalgamation;

(rr) **"Pioneering Common Shares"** means the issued and outstanding common shares in the capital of Pioneering;

(ss) **"Pioneering Reorganization"** means the reorganization of Pioneering, such that, upon completion, Pioneering will have 31,050,000 Pioneering Common Shares issued and outstanding, and no stock options, warrants, anti-dilution or other rights to purchase Pioneering Common Shares issued or outstanding, as well as the conversion of all units of Energy Smart General Partnership into Pioneering Common Shares and the termination of the Marketing and Development Agreement dated as of January 2, 2003 between Pioneering and Energy Smart General Partnership;

(tt) **"Pioneering Special Resolution"** means the special resolution of the shareholders of Pioneering approving the Amalgamation;

(uu) **"Policy"** means the relevant policies of the TSX Venture Corporate Finance Manual;

(vv) **"Registrar and Transfer Agent"** means Olympia Trust Company, and any other Person which may be appointed as registrar and transfer agent of Lemontonic from time to time;

(ww) **"Related Party"** means promoters, officers, directors and other insiders of a company, and associates or affiliates thereof;

(xx) **"Research"** means Research Capital Corporation;

(yy) **"Silverback"** means Silverback Media Limited;

(zz) **"Silverback Shares"** means the common shares in the capital stock of Silverback;

(aaa) **"Silverback Transaction"** means the proposed sale by Lemontonic to Silverback of all of the assets of the existing online dating business of Lemontonic in exchange for 2,750,000 Silverback Shares;

(bbb) **"Share Provisions"** means the rights, privileges, restrictions and conditions attaching to the Amalco Common Shares (as defined herein) and the of Amalco Preferred Shares as set forth in Schedule "A" attached hereto;

(ccc) **"TSX Venture"** means the TSX Venture Exchange Inc.;

(ddd) **"TSX Venture Escrow Agreement"** means the escrow agreement to be entered into among the Registrar and Transfer Agent, Lemontonic and certain shareholders of Pioneering in compliance with the requirements of TSX Venture and the Policy, with the securities subject to such agreement to be released as determined by TSX Venture; and

(eee) **"Termination Date"** shall have the meaning attributed to such term in Section 7.2.

1.2 **Interpretation Not Affected by Headings, etc.** The division of this Agreement into articles, sections and subsections is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", and "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto.

1.3 **Gender and Number, etc.** Words importing the singular number shall include the plural and vice versa and words importing the use of any gender shall include all genders.

1.4 **Date for Any Action**. In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where an action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.5 **Rounding**. In performing the various mathematical calculations required to be performed hereunder, all numbers shall be rounded to the nearest five decimal places.

1.6 **Currency**. All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 **Knowledge**. Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Pioneering or Lemontonic, as applicable, it shall be deemed to refer to the actual knowledge after having made due inquiry of the officers of the particular company.

1.8 **Meanings.** Words and phrases defined in the OBCA shall have the same meaning herein as in the OBCA, unless otherwise defined herein or the context otherwise requires. Unless otherwise specifically indicated or the context otherwise requires "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

## ARTICLE 2
## AMALGAMATION

2.1 **Reorganizations.** On or before the Closing Date and subject to the terms and conditions of this Agreement, Pioneering shall take all necessary steps to complete the Pioneering Reorganization such that it shall have no more than 31,050,000 Pioneering Common Shares outstanding and no other agreement, option, understanding, warrant, call, conversion, commitment or any right or privilege which obligates Pioneering to allot or issue any shares of Pioneering, and, without limitation, use all reasonable efforts to apply for and to obtain the approval of its shareholders and all other consents, orders or approvals as counsel may advise are necessary or desirable for the implementation of the Pioneering Reorganization and the filing of articles of amendment pursuant to the OBCA in connection therewith.

2.2 **Amalgamation**. On or before the Closing Date, subject to the terms and conditions of this Agreement, Lemontonic and Pioneering shall take all steps required to complete the Amalgamation and, without limitation, use all reasonable efforts to apply for and to obtain the approval of their respective shareholders and all other consents, orders or approvals as counsel may advise are necessary or desirable for the implementation of the Amalgamation and the filing of the Articles of Amalgamation with the Director pursuant to Section 178 of the Act.

2.3 **Registered Office**. The registered office of Amalco shall be situated at 220 Britannia Road East, Mississauga, Ontario L4Z 1S6.

2.4 **Authorized Capital**. Amalco shall be authorized to issue an unlimited number of Amalco Common Shares and an unlimited number of preferred shares, issuable in series, which shall have the rights, privileges, restrictions and conditions set forth in the Articles of Amalgamation.

2.5 **Rights, Privileges, Restrictions and Conditions Attaching to Shares**. The rights, privileges, restrictions and conditions attaching to each class of shares of Amalco shall be as set forth in the Share Provisions set forth in Schedule "A" hereto.

2.6 **Restriction on Share Transfer.** The transfer of shares of Amalco shall not be subject to any restrictions in the Articles of Amalgamation.

2.7 **Number of Directors**. The board of directors of Amalco, until otherwise changed in accordance with the OBCA, will consist of a minimum of three and a maximum of 15 directors, and the directors of Amalco will be empowered to fix the number from time to time within such minimum and maximum. The directors will be empowered to appoint additional directors subsequent to annual meetings subject to the limitations set out in Section 124(2) of the OBCA.

2.8 **First Directors**. The number of first directors of Amalco shall be five (5). The first directors of Amalco shall be:

| Name | Address | Resident Canadian |
|---|---|---|
| Kevin R. Callahan | 174 Rosewell Avenue<br>Toronto, ON M4R 2A6 | Yes |
| G. Scott Paterson | 66 Rowanwood Avenue<br>Toronto, ON M4W 1Y9 | Yes |
| Patrick S. Keane | 1081 Argyle Drive<br>Oakville, ON L6J 1A9 | Yes |

| Name | Address | Resident Canadian |
|---|---|---|
| Paul H. Harricks | 24 Donwoods Drive<br>Toronto, ON M4N 2G1 | Yes |
| Kaleil Isaza-Tuzman | 40 Broad Street, Suite 500<br>New York, NY 10004 | No |

The first directors shall hold office until the first annual meeting of the shareholders of Amalco, or until their successors are duly appointed or elected. The subsequent directors shall be elected each year thereafter as provided for in the OBCA, in the Articles of Amalgamation and in the by-laws of Amalco. The management and operation of the business and affairs of Amalco shall be under the control of its board of directors as it is constituted from time to time.

2.9 **First Auditors**. The first auditors of Amalco shall be Smith Nixon & Co LLP, Chartered Accountants, 390 Bay Street, Suite 1900, Toronto, Ontario M5H 2Y2. The first auditors of Amalco shall hold office until the first annual meeting of shareholders of Amalco, or until their successors are appointed.

2.10 **Fiscal Year**. The fiscal year end of Amalco shall be September 30, subject to receipt of all necessary regulatory approval.

2.11 **Restrictions on Business**. The Articles of Amalgamation shall contain no restrictions on the business that Amalco may carry on or the powers it may exercise.

2.12 **Articles of Amalgamation and By-laws**. Upon the shareholders of Lemontonic and the shareholders of Pioneering approving this Agreement in accordance with the provisions of the OBCA and the obtaining of all other consents or orders of all regulatory authorities, federal, provincial, domestic or foreign, Lemontonic and Pioneering shall forthwith complete, execute and deliver to the Director the Articles in prescribed form, in duplicate, and such other related documents as may be required pursuant to the OBCA or any other regulatory authority. The by-laws of Lemontonic, to the extent not inconsistent with this Agreement, shall be the by-laws of Amalco until repealed or amended and a copy of the proposed by-laws shall be available for inspection at the offices of counsel to Pioneering located at Suite 1600, 1 First Canadian Place, 100 King Street West, Toronto, Ontario M5X 1G5.

2.13 **Effect of Certificate of Amalgamation**. On the Effective Date:

(a) the Amalgamation of Lemontonic and Pioneering and their continuance as one corporation shall become effective;

(b) the property of each of Lemontonic and Pioneering shall continue to be the property of Amalco;

(c) Amalco shall continue to be liable for the obligations of each of Lemontonic and Pioneering;

(d) any existing cause of action, claim or liability to prosecution of either Lemontonic or Pioneering shall be unaffected;

(e) any civil, criminal or administrative action or proceeding pending by or against either Lemontonic or Pioneering may be continued to be prosecuted by or against Amalco;

(f) a conviction against, or ruling, order or judgment in favour of or against, either Lemontonic or Pioneering may be enforced by or against Amalco; and

(g) the Articles of Amalgamation shall be deemed to be the Articles of Incorporation of Amalco and the Certificate of Amalgamation shall be deemed to be the Certificate of Incorporation for Amalco.

2.14 **Manner of Conversion of Issued Securities**. On the Effective Date:

(a) each Pioneering Common Share shall be exchanged for one (1) fully-paid and non-assessable Amalco Common Share;

(b) each five Lemontonic Common Shares shall be exchanged for one (1) fully-paid and non-assessable Amalco Common Share;

(c) each five Lemontonic Class B Shares shall be exchanged for two (2) fully-paid and non-assessable Amalco Common Shares and five Amalco Preferred Shares;

(d) each five Lemontonic Agent's Options shall be replaced with/continued into one (1) Amalco Lemontonic Replacement Agent's Option;

(e) each five Lemontonic Options shall be replaced with/continued into one (1) Amalco Lemontonic Replacement Option governed by the Amalco Stock Option Plan;

(f) each five Lemontonic New Agent's Options shall be replaced with/continued into one (1) Amalco Lemontonic New Replacement Agent's Option;

(g) each five Lemontonic New Warrants shall be replaced with/continued into one (1) Amalco Lemontonic New Replacement Warrant; and

(h) the aggregate stated capital of Amalco shall be an amount equal to the aggregate paid up capital for purposes of the *Income Tax Act* (Canada) of Pioneering and Lemontonic immediately prior to such time, and such stated capital shall be allocated on an equal basis to each share of Amalco issued on the Amalgamation, or as otherwise determined by the directors of Amalco.

2.15 **Fractional Shares.** No fractional shares or securities will be issued by Amalco and no cash will be paid in lieu thereof. Any fraction resulting will be rounded to the nearest whole number with fractions of one half or greater being rounded to the next higher whole number and fractions of less than one half being rounded to the next lower whole number.

2.16 **Restrictions on Securities.** The parties acknowledge and agree that the Amalco Common Shares to be issued to the shareholders of Pioneering pursuant to Section 2.14 hereof will be subject to compliance with applicable securities laws. In addition, certain of the Amalco Common Shares to be issued to certain of the shareholders of Pioneering will be subject to the TSX Venture Escrow Agreement as required by TSX Venture in accordance with the Policy.

2.17 **Certificates**. On the Effective Date:

(a) the holders of Pioneering Common Shares shall cease to be holders of such shares and shall be deemed to be the holders of Amalco Common Shares, to which they are entitled in accordance with Section 2.14 hereof, and on or after the Effective Date the holders of certificates representing Pioneering Common Shares may surrender the certificates for such shares to Amalco and, upon such surrender, subject to the provisions of the TSX Venture

Escrow Agreement, Amalco shall provide instructions to the Amalco Registrar and Transfer Agent to deliver such certificates representing the number of Amalco Common Shares to which they are so entitled in accordance with Section 2.14, as soon as practicable;

(b) the registered holders of Lemontonic Common Shares shall cease to be holders of Lemontonic Common Shares, and shall be deemed to be registered holders of Amalco Common Shares to which they are entitled in accordance with Section 2.14 hereof, and the holders of certificates representing Lemontonic Common Shares may surrender the certificates for such shares to the Amalco Registrar and Transfer Agent, together with a completed Lemontonic Letter of Transmittal and, upon such surrender shall be entitled to receive certificates representing the number of Amalco Common Shares to which they are entitled in accordance with Section 2.14, as soon as practicable, but in any event no later than five (5) Business Days following the later of the Effective Date and the date of deposit of the Lemontonic Letter of Transmittal;

(c) the registered holders of Lemontonic Class B Shares shall cease to be holders of Lemontonic Class B Shares, and shall be deemed to be registered holders of Amalco Common Shares and Amalco Preferred Shares to which they are entitled in accordance with Section 2.14 hereof, and the holders of certificates representing Lemontonic Class B Shares may surrender the certificates for such shares to the Amalco Registrar and Transfer Agent, together with a completed Lemontonic Letter of Transmittal and, upon such surrender shall be entitled to receive certificates representing the number of Amalco Common Shares and Amalco Preferred Shares to which they are entitled in accordance with Section 2.14, as soon as practicable, but in any event no later than five (5) Business Days following the later of the Effective Date and the date of deposit of the Lemontonic Letter of Transmittal; and

(d) the holders of the Lemontonic Options, Lemontonic Agent's Options, Lemontonic New Warrants and Lemontonic New Agent's Options shall cease to be holders of such securities and shall be deemed to be the registered holders of the securities of Amalco to which they are entitled in accordance with Section 2.14 hereof, and shall receive executed agreements and/or certificates evidencing such securities of Amalco.

2.18 **Lost Certificates.** In the event any certificate which immediately prior to the Effective Date represented one or more outstanding Pioneering Common Shares, Lemontonic Common Shares, Lemontonic Class B Shares, Lemontonic Options, Lemontonic Agent's Options, Lemontonic New Warrants or Lemontonic New Agent's Options that were exchanged pursuant to Section 2.14 shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder thereof, as applicable, claiming such certificate to be lost, stolen or destroyed, the Amalco Registrar and Transfer Agent will issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing the appropriate securities deliverable pursuant to Section 2.14 hereof. When authorizing such payment in exchange for any lost, stolen, destroyed certificate, the holder to whom certificates representing such securities are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Amalco and the Amalco Registrar and Transfer Agent in such sum as Amalco may direct or otherwise indemnify Amalco in a manner satisfactory to Amalco against any claim that may be made against Amalco with respect to the certificate alleged to have been lost, stolen or destroyed.

2.19 **Stock Option Plan.** Amalco shall adopt the new stock option plan of Lemontonic as the Amalco Stock Option Plan, which is the new stock option plan to be approved by the shareholders of Lemontonic at the Meeting, as well as TSX Venture, and will be attached as a schedule to the Information Circular and shall be in a form satisfactory to Pioneering.

## ARTICLE 3
## COVENANTS

3.1 **Covenants of Pioneering.** Pioneering covenants and agrees with Lemontonic that neither Pioneering nor any subsidiary will, from the date of execution hereof to and including the Effective Date, except as contemplated by this Agreement, pursuant to the Pioneering Reorganization, the Pioneering Bridge Financing or with the prior written consent of Lemontonic, such consent not to be unreasonably withheld:

(a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital, to its shareholders;

(b) split, combine or reclassify any outstanding shares;

(c) enter into any material contract, other than in the ordinary course of business consistent with past practice;

(d) redeem, purchase or offer to purchase any of its shares or other securities;

(e) reorganize, amalgamate or merge with any other Person or other business organization whatsoever;

(f) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or other business organization or division or any assets or properties of a material nature;

(g) incur or commit to incur any indebtedness for borrowed money, other than in the ordinary course of business consistent with past practice, or issue any debt securities;

(h) issue or commit to issue any shares of its capital stock, or rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options, except the issuance of securities issuable pursuant to the terms of securities outstanding on the date hereof;

(i) alter or amend in any way its constating documents as the same exist at the date of this Agreement;

(j) take any action which would be outside the ordinary course of business or which may result in a material adverse change in its affairs including, without limiting the generality of the foregoing, the entering into of any employment, consultancy or severance agreements or other arrangements with any of its directors or officers;

(k) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any material component of its assets, other than in the ordinary course of business consistent with past practice;

(l) engage in any business enterprise or other activity materially different from that carried on or intended to be carried on as at the date hereof;

(m) except the Non-Competition Agreements or the Employment Agreements, enter into any employment or consulting arrangements or any transaction with or make payments to a party or parties with which it does not deal at arm's length;

(n) grant any director, officer or employee who has a policy-making function any increase in compensation or in severance or termination pay (whether or not such compensation or pay is payable in cash), or enter into any employment or consulting agreement with any such director, officer or employee, or hire or promote any such person; or

(o) perform any act or enter into any transaction or negotiation which might materially adversely interfere or be materially inconsistent with the consummation of the transactions contemplated under this Agreement.

3.2 **Further Covenants of Pioneering.** Pioneering covenants and agrees with Lemontonic that Pioneering will:

(a) use all commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;

(b) provide Lemontonic, on a timely basis, with all relevant information concerning it and its business, property, operations and financial statements for inclusion in the Information Circular, and will execute a certificate to be attached to the Information Circular certifying that all information concerning it contained in the Information Circular constitutes full, true and plain disclosure of all material facts relating to the particular matters to be acted upon by the securityholders of Lemontonic at the Meeting concerning it, and that the information contained in the Information Circular does not contain an untrue statement of a material fact with respect to it;

(c) on or before the Closing Date, call a meeting of the shareholders (or execute a unanimous shareholders resolution in writing) in order for them to consider and, if thought fit, pass the Pioneering Special Resolution approving the Amalgamation in accordance with the Act;

(d) except for proxies and other non-substantive communications with securityholders, furnish promptly to Lemontonic a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;

(e) make other necessary filings and applications under applicable federal and provincial laws and regulations required on the part of it in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;

(f) use all commercially reasonable efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;

(g) within two Business Days of receiving any written audit inquiry, assessment, reassessment, confirmation or variation of an assessment, indication that an assessment is being considered, request for filing of a waiver or extension of time or any other notice in writing relating to taxes, interest, penalties, losses or tax pools (an "Assessment"), deliver to Lemontonic a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of it on the assumption that such Assessment is valid and binding;

(h) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Sections 5.1 and 5.3 hereof to be complied with;

(i) subject to the satisfaction of the conditions in Sections 5.1 and 5.2 hereof, thereafter together with Lemontonic file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date; and

(j) notify Lemontonic immediately upon becoming aware that any of the representations and warranties of it contained herein are no longer true and correct in any material respect.

3.3 **Covenants of Lemontonic.** Lemontonic covenants and agrees with Pioneering that neither Lemontonic nor any subsidiary will from the date of execution hereof to and including the Effective Date, except as contemplated by this Agreement, pursuant to the Silverback Transaction or with the prior written consent of Pioneering, such consent not to be unreasonably withheld:

(a) declare, pay or set aside any dividends or provide for any distribution of its properties or assets, or make any payment by way of return of capital, to its shareholders;

(b) split, combine or reclassify any outstanding shares;

(c) enter into any contracts, other than in connection with the matters contemplated by this Agreement;

(d) redeem, purchase or offer to purchase any of its shares or other securities;

(e) reorganize, amalgamate or merge with any other Person or other business organization whatsoever;

(f) acquire or agree to acquire (by merger, amalgamation, acquisition of securities or assets or otherwise) any Person or other business organization or division, or any assets or properties;

(g) incur or commit to incur any indebtedness for borrowed money, or issue any debt securities;

(h) issue or commit to issue any shares of its capital stock, or rights, warrants or options to purchase such shares, or any securities convertible into such shares, warrants or options, other than the Lemontonic Services Shares, or in connection with the exercise of the Lemontonic Options, Lemontonic Agents Options, Lemontonic New Agent's Options, Lemontonic Warrants or Lemontonic New Warrants;

(i) except as contemplated by this Agreement, alter or amend in any way its constating documents or by-laws as the same exist at the date of this Agreement;

(j) take any action which would be outside the ordinary course of business or which may result in a material adverse change in the affairs of Lemontonic including, without limiting the generality of the foregoing, the entering into of any employment, consultancy or severance agreements or other arrangements with any director or officer of Lemontonic;

(k) engage in any business enterprise or other activity, different from that carried on as of the date hereof;

(l) enter into any transaction with or make payments to a party or parties with whom Lemontonic does not deal at arm's length, in the ordinary course of business consistent with past practice;

(m) grant any director, officer or employee who has a policy-making function any increase in compensation or in severance or termination pay (whether or not such compensation or pay is payable in cash), or enter into any employment or consulting agreement with any such director, officer or employee, or hire or promote any such person;

(n) perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated under this Agreement; or

(o) sell, pledge, lease, dispose of, grant any interest in, encumber or agree to sell, pledge, lease, dispose of, grant any interest in or encumber any of its assets.

3.4 **Further Covenants of Lemontonic.** Lemontonic covenants and agrees with Pioneering that Lemontonic will:

(a) use all commercially reasonable efforts to obtain all necessary consents, assignments, waivers or approvals from third parties and amendments or terminations to any instrument or agreement and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement, including without limitation the approval of TSX Venture for the transactions contemplated herein and the retention of a qualified sponsor to provide a sponsorship acknowledgement form and a sponsorship report to TSX Venture in accordance with the Policy and pay all required costs of the sponsor and sponsorship fees;

(b) not make any expenditures, other than in connection with the ordinary course of business and ongoing public filing requirements and the completion of the transactions contemplated herein;

(c) mail to its shareholders the Information Circular (in a form approved by Pioneering, acting reasonably) and other documentation required in connection with the Meeting in accordance with applicable laws as soon as reasonably practicable;

(d) prior to the Termination Date, convene the Meeting for the purpose of approving the Amalgamation, the amended by-laws of Lemontonic and the Amalco Stock Option Plan, to elect directors, to appoint auditors and to solicit proxies to be voted at the Meeting in favour of the approval of all of such matters;

(e) except for proxies and other non-substantive communications with securityholders, furnish promptly to Pioneering a copy of each notice, report, schedule or other document delivered, filed or received by Lemontonic in connection with: (i) the Amalgamation; (ii) any filings under applicable laws; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein;

(f) make other necessary filings and applications under applicable federal and provincial laws and regulations required on the part of Lemontonic in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;

(g) use all commercially reasonable efforts to conduct its affairs so that Lemontonic's representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;

(h) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Sections 5.1 and 5.2 hereof to be complied with;

(i) subject to the satisfaction of the conditions precedent in Sections 5.1 and 5.3 hereof, thereafter together with Pioneering file with the Director the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date; and

(j) notify Pioneering immediately upon becoming aware that any of the representations and warranties of Lemontonic contained in Section 4.1 hereof are no longer true and correct in any material respect.

## ARTICLE 4
## REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of Lemontonic.** Lemontonic represents and warrants to and in favour of Pioneering as follows, and acknowledges that Pioneering is relying upon such representations and warranties in connection with the Amalgamation contemplated herein:

(a) Lemontonic is a corporation duly incorporated and organized under the laws of Ontario and is a valid and subsisting corporation under the OBCA and is in compliance, in all material respects, with the requirements of the OBCA. Lemontonic has no subsidiaries and holds no interest in any other company, partnership, joint venture or similar entity, other than the Lemontonic Subsidiary which, to the best of the knowledge of Lemontonic, currently has no assets, business or liabilities whatsoever;

(b) Lemontonic is a "reporting issuer" as that term is defined in the applicable securities legislation in the Provinces of Alberta, British Columbia and Ontario, is not in default of the requirements of such legislation or the regulations and rules thereto or the policies and requirements of TSX Venture, and the issued and outstanding Lemontonic Common Shares are currently listed and posted for trading on TSX Venture;

(c) to the best of the knowledge of Lemontonic, the Lemontonic Subsidiary is a corporation duly incorporated and a valid and subsisting corporation under the laws of its incorporating statute and is in compliance, in all material respects, with the requirements of its incorporating statute;

(d) no cease trade order has been issued against Lemontonic or the Lemontonic Common Shares in any jurisdiction, and, to the knowledge of Lemontonic, no cease trade order is pending or threatened;

(e) Lemontonic has the requisite power, capacity and authority to enter into this Agreement on the terms and conditions herein set forth;

(f) the authorized capital of Lemontonic consists of an unlimited number of class A shares, an unlimited number of class B shares and an unlimited number of preferred shares, issuable in series, of which as at the date hereof 76,778,350 Lemontonic Common Shares and no other classes of shares are issued and outstanding;

(g) other than the Lemontonic Options, the Lemontonic Agent's Options, the Lemontonic Warrants, the Lemontonic Subscription Receipts, the Lemontonic New Agent's Options, pursuant to this Agreement and pursuant to the severance payable to Mark R. Pavan, no Person has any agreement, option, understanding, warrant, call, conversion or exchange right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued share capital of Lemontonic or the Lemontonic Subsidiary (hereinafter for the purposes of this Section 4.1, Lemontonic and the Lemontonic Subsidiary are collectively referred to as "Lemontonic"), and Lemontonic has outstanding no agreement, option, understanding, warrant, call, conversion right, commitment or any right or privilege of any kind which obligates Pioneering to allot or issue any shares of Lemontonic;

(h) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the knowledge of Lemontonic, threatened against or relating to Lemontonic or affecting its properties or business which if determined adversely to Lemontonic might materially and adversely affect the properties, business, future prospects or the financial condition of Lemontonic, taken as a whole or the right of Lemontonic to use, produce or sell its property or assets in whole or in part or its ability to perform its obligations under this Agreement. There is not presently outstanding against Lemontonic any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency or arbitrator;

(i) Lemontonic is a taxable Canadian corporation as defined in the *Income Tax Act* (Canada) and is not liable, in any material respect, for any Canadian federal, provincial, municipal or local taxes, sales tax assessments, withholding taxes, employee or other remittances, or other imposts or penalties due and unpaid at the date hereof in respect of its income, capital, employees, business or property, or for the payment of any tax instalment due in respect of its current taxation year (but not including taxes accruing due) or any previous taxation years, and no such taxes, assessments, imposts, remittances or penalties are required to be reserved against. All such taxes, assessments, imposts, remittances and penalties have been properly calculated by Lemontonic, in all material respects. Lemontonic is not in default in filing any returns or reports covering any Canadian federal, provincial, municipal or local taxes, assessments or other imposts in respect of its income, business or property and Lemontonic has complied with all withholding, collection, remittance and other obligations under any applicable taxing statute;

(j) Lemontonic is not in breach of any laws, rules, regulations or the policies of TSX Venture where a breach would have a material adverse affect on the affairs, assets or financial condition of Lemontonic, or the transactions contemplated herein;

(k) the entering into and performance of this Agreement and the transactions contemplated herein by Lemontonic will not violate:

(i) the constating documents or by-laws of Lemontonic;

(ii) any agreement to which Lemontonic is a party and will not give any Person any right to terminate or cancel any agreement or any right enjoyed by Lemontonic because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against Lemontonic or the assets of Lemontonic; or

(iii) any statute, regulation, by-law, order, judgment or decree by which Lemontonic is bound;

(l) Lemontonic has not incurred any obligation or liability, contingent or otherwise, for broker's fees, commissions or finder's fees or other similar fees in respect of the transactions contemplated herein;

(m) since December 31, 2004, there has not been any material adverse change in the condition or operation of Lemontonic or in its assets, liabilities or financial condition;

(n) the audited financial statements of Lemontonic for the period ended December 31, 2004 and the unaudited financial statements of Lemontonic for the period ended September 30, 2005, as well as the notes thereto, are true and correct and present fairly, in all material respects, the financial position of Lemontonic as at such dates and the results of its operations and changes in financial position for the periods indicated in the said statements, and have been prepared in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of prior periods;

(o) Lemontonic has no material liabilities, contingent or otherwise, except those set out in the financial statements referred to in subsection 4.1(n) hereof, and Lemontonic has not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any Person, other than pursuant to agency agreements with Research Capital Corporation entered into in connection with recent private placements of Lemontonic;

(p) Lemontonic is not indebted to:

(i) any director, officer or shareholder of Lemontonic;

(ii) any individual related to any of the foregoing by blood, marriage or adoption; or

(iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in subsections 4.1(p)(i) and (ii) hereof;

(q) none of those Persons referred to in subsection 4.1(p) hereof is indebted to Lemontonic;

(r) other than Silverback pursuant to the Silverback Transaction, no Person has any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase, exchange, transfer or other disposition from Lemontonic of any of its assets;

(s) the information concerning Lemontonic to be set forth in the Information Circular will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in the light of the circumstances in which it will be made, and such information in the Information Circular will constitute full, true and plain disclosure of all material facts relating to the particular matters concerning Lemontonic to be acted upon by the securityholders of Lemontonic at the Meeting;

(t) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been, or in respect of the transactions contemplated herein will have been prior to Closing, duly approved by the board of directors of Lemontonic and this Agreement constitutes a valid and binding obligation of Lemontonic enforceable against it in accordance with its terms, subject, to limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;

(u) no notices, reports or other filings are required to be made by Lemontonic with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Lemontonic from, any governmental or regulatory authority, other than TSX Venture, and the usual filings under applicable Canadian securities laws, in connection with the execution and delivery of this Agreement by Lemontonic and the consummation of the transactions contemplated herein by Lemontonic, the failure to make or obtain any or all of which is reasonably likely to have a material adverse effect on the financial condition of Lemontonic or could prevent, materially delay or materially burden the transactions contemplated by this Agreement;

(v) since the date Lemontonic became a reporting issuer, Lemontonic has filed any and all required forms, reports and documents (collectively, the "Lemontonic Public Disclosure") with the applicable Canadian regulatory authorities having jurisdiction. None of the Lemontonic Public Disclosure filed by Lemontonic with the applicable Canadian securities regulatory authorities having jurisdiction, at the time filed or as subsequently amended, contained any misrepresentation or any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(w) the Information Circular will contain a list of all material contracts, agreements and commitments (whether written or oral) to which Lemontonic is a party, and all of such material contracts, agreements and commitments are in full force and effect and Lemontonic is not in default, in any material respect, under any of such contracts, agreements or commitments;

(x) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a default or breach on the part of Lemontonic under any of the provisions contained in any of the material contracts, commitments or agreements referred to in subsection 4.1(v) hereof;

(y) there are no contracts, agreements or engagements, either oral or written, providing for a fixed period of employment of any director, officer or senior employee of Lemontonic, other than the employment agreements between Lemontonic and Mark R. Pavan;

(z) the corporate records and minute books of Lemontonic contain complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;

(aa) the cash assets of Lemontonic as at September 30, 2005, net of liabilities incurred to September 30, 2005, were approximately $740,000;

(bb) to the best of the knowledge of Lemontonic, other than the Ontario Securities Commission Settlement with G. Scott Paterson, none of the directors, officers or principal shareholders of Lemontonic is or has ever been subject to prior regulatory, criminal or bankruptcy charges, indictments, proceedings, investigations or settlement discussions in Canada or elsewhere;

(cc) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to Lemontonic in connection with the execution and delivery of this Agreement by Lemontonic, the performance of its obligations hereunder or the consummation by Lemontonic of the transactions contemplated hereby other than (a) the approval of the Amalgamation by the shareholders of Lemontonic, (b) such registrations and other actions required under provincial and territorial securities laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new corporation on the Amalgamation, (c) any filings with the Director and (d) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a material adverse effect on Lemontonic or prevent or materially impair Lemontonic's ability to perform its obligations hereunder;

(dd) except for rights otherwise available for employees of Lemontonic at common law or by statute or as disclosed in the audited financial statements of Lemontonic, or as may be provided in the existing employment agreements of Lemontonic, there is currently no material plan in place for retirement bonus, pension benefits, unemployment benefits, deferred compensation, service or termination pay or vacation that is contributed to or required to be continued to, by Lemontonic for the benefit of any current or former director, senior officer, or consultant of Lemontonic;

(ee) Lemontonic is not a party to, and has no obligations under, any collective bargaining agreement, and, to the knowledge of Lemontonic, there is no organizing activity involving Lemontonic pending or threatened by any labour union or group of employees and there are no representation proceedings pending or threatened with any governmental authority having jurisdiction over the business of Lemontonic, and no labour organization or group of employees of Lemontonic have made a pending demand for recognition;

(ff) to the knowledge of Lemontonic, Lemontonic maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with Canadian generally accepted accounting principles and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; and (v) material information relating to Lemontonic is made known to those within Lemontonic responsible for the preparation of the financial statements during the period in which the financial statements have been prepared;

(gg) other than as contemplated herein, and except as required after the Amalgamation in respect of new tax and registration numbers, no notices, reports or other filings are required to be made by Lemontonic with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Lemontonic from, any governmental or regulatory authority in connection with the execution and delivery of this Agreement by Lemontonic and the consummation of the transactions contemplated herein by Lemontonic, the failure to make or obtain any or all of which is reasonably likely to have a material adverse effect on the financial condition of Lemontonic or could prevent, materially delay or materially burden the transactions contemplated herein;

(hh) except as regards any matter relating to Pioneering, there are no reasonable grounds for believing that a creditor of Lemontonic will be prejudiced by the Amalgamation;

(ii) at all times prior to the Closing Date, Lemontonic will have been duly licensed, registered and qualified, in all material respects, and possess all material certificates, authorizations, permits or licenses issued by the appropriate regulatory authorities in the jurisdictions necessary to enable its property and assets to be owned, leased and operated as they were at such time, and all such licenses, registrations and qualifications will have been in good standing, in all material respects; and

(jj) at all times prior to the Closing Date, Lemontonic will have maintained reasonably sufficient property, general liability and third party insurance and, prior to such time, all of such insurance policies will be in good standing and, in the opinion of management of Lemontonic, sufficient in all material respects to protect Lemontonic against potential liabilities of the business of Lemontonic.

4.2 **Representations and Warranties of Pioneering.** Pioneering represents and warrants to and in favour of Lemontonic as follows, and acknowledges that Lemontonic is relying upon such representations and warranties in connection with the Amalgamation contemplated herein:

(a) Pioneering is a corporation duly incorporated and organized under the laws of Ontario and is a valid and subsisting corporation under the OBCA and is in compliance, in all material respects, with the requirements of the OBCA;

(b) Pioneering has no subsidiaries, other than a non-operating Ontario subsidiary and a non-operating Delaware subsidiary (together, the "Pioneering Subsidiaries"), which have no assets, business or liabilities whatsoever, and Pioneering has no other subsidiaries and holds no interest in any other company, partnership, joint venture or similar entity;

(c) the Pioneering Subsidiaries are corporations duly incorporated and valid and subsisting corporations under the laws of their incorporating statutes and are in compliance, in all material respects, with the requirements of their incorporating statutes;

(d) after the completion of the Pioneering Reorganization, the authorized capital of Pioneering will be an unlimited number of Pioneering Common Shares, of which only 31,050,000 will be issued and outstanding as at the Closing Date;

(e) all of the issued and outstanding shares of each of the Pioneering Subsidiaries is owned by Pioneering free of any encumbrances, security interests or claims of any kind whatsoever;

(f) after giving effect to the Pioneering Reorganization, no Person has any agreement, option, understanding, warrant, call, conversion or exchange right to acquire or capable of becoming an agreement for the purchase or acquisition of any of the unissued share capital of Pioneering or the Pioneering Subsidiaries, and Pioneering has outstanding no agreement, option, understanding, warrant, call, conversion right, commitment or any right or privilege of any kind which obligates Pioneering to allot or issue any shares of Pioneering;

(g) the information concerning Pioneering and the Pioneering Subsidiaries (hereinafter for the purposes of this section 4.2, Pioneering and Pioneering Subsidiaries are known collectively as "Pioneering") to be contained in the Information Circular will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in light of the circumstances in which it will be made, and such information in the Information Circular will constitute full, true and plain disclosure of all material facts relating to the particular matters concerning Pioneering to be acted upon by the shareholders of Lemontonic at the Meeting;

(h) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, or, to the knowledge of Pioneering, pending or threatened against or relating to Pioneering, or affecting its properties or business which if determined adversely to Pioneering might materially and adversely affect the properties, business, future prospects or the financial condition of Pioneering, taken as a whole, or the right of Pioneering to use, produce or sell its property or assets in whole or in part and there is not presently outstanding against Pioneering any material judgment, decree, injunction, rule or order of any court, governmental department, commission, agency or arbitrator;

(i) Pioneering (excluding the Pioneering Subsidiaries) is a taxable corporation as defined in the *Income Tax Act* (Canada) and is not liable, in any material respects, for any Canadian federal, provincial, state, municipal or local taxes, assessments, withholding taxes, employee or other remittances, or other imposts or penalties due and unpaid at the date hereof in respect of its income, employees, business or property, or for the payment of any tax instalment due in respect of its current taxation year (but not including taxes accruing due) or any previous taxation years, and no such taxes, assessments, imposts, remittances or penalties are required to be reserved against. All such taxes, imposts, remittances and penalties have been properly calculated by Pioneering, in all material respects, and Pioneering is not in any material respect in default in filing any returns or reports covering any Canadian federal, provincial, state, municipal or local taxes, assessments or other imposts in respect of its income, business or property and Pioneering has complied in all material respects with all withholding, collection, remittance and other obligations under any applicable taxing statute;

(j) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to Pioneering in connection with the execution and delivery of this Agreement by Pioneering, the performance of its obligations hereunder or the consummation by Pioneering of the transactions contemplated hereby other than (a) the approval of the Amalgamation by the shareholders of Pioneering, (b) such registrations and other actions required under provincial and territorial securities laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new corporation on the Amalgamation, (c) any filings with the Director and (d) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a material adverse effect on Pioneering or prevent or materially impair Pioneering's ability to perform its obligations hereunder;

(k) Pioneering is duly licensed, registered and qualified, in all material respects, and possesses all material certificates, authorizations, permits or licences issued by the appropriate regulatory authorities in the jurisdictions necessary to enable its business to be carried on as now conducted and to enable its property and assets to be owned, leased and operated as they are now, and all such licences, registrations and qualifications are in good standing, in all material respects;

(l) since September 30, 2004, there has not been any material adverse change in the condition or operation of Pioneering or in its assets, liabilities or financial condition, except as will be disclosed in the Information Circular;

(m) the consolidated audited financial statements for Pioneering for the financial year ended September 30, 2004, as well as the consolidated unaudited financial statements of Pioneering for the nine months ended June 30, 2005, and the notes thereto, are true and correct and present fairly, in all material respects, the financial position of Pioneering as at such dates and the results of its operations and changes in financial position for the period indicated in the said statements, and have been prepared in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of prior periods;

(n) other than amounts owing to reimburse individuals for business expenses incurred and approved on behalf of Pioneering and remuneration for services in the ordinary course of business, Pioneering is not indebted to:

(i) any director, officer, employee or shareholder of Pioneering;

(ii) any individual related to any of the foregoing by blood, marriage or adoption; or

(iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in subsections 4.2(n)(i) and (ii) hereof;

(o) none of those Persons referred to in subsection 4.2(n) hereof is indebted to Pioneering;

(p) other than the Ontario Securities Commission settlement with G. Scott Paterson, to the best of the knowledge of Pioneering, none of the directors or officers of Pioneering is or has ever been subject to prior regulatory, criminal or bankruptcy, charges, indictments, proceedings, investigations or settlement discussions in Canada or elsewhere;

(q) no Person has any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase, exchange, transfer or other disposition from Pioneering of any material part of its assets, except in the ordinary course of business of Pioneering consistent with past practice;

(r) to the knowledge of Pioneering, there will not be contracts, agreements or engagements of any director or officer of Pioneering, either written or verbal, providing for a fixed period of employment, other than the Employment Agreements to be entered into at Closing;

(s) the entering into and performance of this Agreement and the transactions contemplated herein by Pioneering will not violate:

(i) the constating documents or by-laws of Pioneering;

(ii) any material agreement to which Pioneering is a party and will not give any Person any right to terminate or cancel any material agreement or any right enjoyed by Pioneering because of such agreement, and will not result in the creation or imposition of any material lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against Pioneering or the assets of Pioneering; or

(iii) any statute, regulation, order, judgment or decree by which Pioneering is bound;

(t) Pioneering has not incurred any obligation or liability, contingent or otherwise, for broker's or finder's fees in respect of the transactions contemplated herein;

(u) Pioneering has no material liabilities, contingent or otherwise, except those that will be set out in the Information Circular or in the financial statements referred to in subsection 4.2(m) hereof, or, thereafter, incurred in the ordinary course of business, and except in the ordinary course of business, Pioneering has not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any Person;

(v) the Information Circular, as of the date thereof, will contain a list of all material contracts, agreements and commitments (whether written or oral) to which Pioneering is a party, and all of such material contracts, agreements and commitments are in full force and effect and Pioneering is not in default under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived by the other party to such contract, agreement or commitment;

(w) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a material default or breach on the part of Pioneering under any of the provisions contained in any of the material contracts, commitments or agreements referred to in subsection 4.2(v) hereof;

(x) the corporate records and minute books of Pioneering contain, in all material respects, complete and accurate minutes of all material decisions made at any meeting of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;

(y) Pioneering maintains reasonably sufficient property, general liability and third party insurance and all of such insurance policies are in good standing and in the opinion of management of Pioneering are sufficient, in all material respects, to protect Pioneering against potential liabilities of the business of Pioneering;

(z) Pioneering has good, valid and marketable title to the assets currently used in its business, real, personal and fixed, free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions, accruals and other encumbrances and defects of title of any nature whatsoever, other than leases in respect of office equipment or as disclosed in the financial statements of Pioneering referred to in subsection 4.2(m) hereof and except as would not be material or as may have been entered into after the date of the relevant financial statements in the ordinary course of business;

(aa) Pioneering is not a party to, and has no obligations under, any collective bargaining agreement, and, to the knowledge of Pioneering, there is no organizing activity involving Pioneering pending or threatened by any labour union or group of employees and there are no representation proceedings pending or threatened with any governmental authority having jurisdiction over the business of Pioneering, and no labour organization or group of employees of Pioneering have made a pending demand for recognition;

(bb) except for rights otherwise available for employees of Pioneering at common law or by statute or as disclosed in the audited financial statements of Pioneering, or as may be provided in the Employment Agreements there is currently no material plan in place for retirement bonus, pension benefits, unemployment benefits, deferred compensation, service or termination pay or vacation that is contributed to or required to be continued to, by Pioneering for the benefit of any current or former director, senior officer, or consultant of Pioneering;

(cc) it owns, or has licensed or otherwise possesses legally enforceable rights to use, all patents, trade-marks, service marks, trade-names, copyrights and tangible or intangible proprietary information, any applications for any registrations of such patents, trademarks, trade-names, copyrights, industrial designs and tangible or intangible know-how and proprietary information or material that are necessary to conduct the business of Pioneering as currently conducted including without limitation the commercialization, production and distribution of the Battery Eliminator™, Safe-T-element™, Powergrill™ and Powerpak™ (collectively, the "Pioneering Intellectual Property Rights");

(dd) Pioneering will not as a result of the execution and delivery of this Agreement or the performance of Pioneering's obligations under this Agreement or otherwise, be in breach of any license, sublicense or other agreement relating to the Pioneering Intellectual Property Rights, including any license, sublicense and other agreement relating to the Pioneering Intellectual Property Rights which Pioneering is authorized to use by any third party, the breach of which would give rise to a material adverse change in the business of Pioneering;

(ee) Pioneering is not aware of any fact which would result in a finding that any of the Pioneering Intellectual Property Rights which is owned or licensed by Pioneering and which is material to the business of Pioneering is invalid or not subsisting. Pioneering has not been sued in any suit, action or proceeding, or received in writing any claim or notice, which involves a claim of infringement of any patents, trademarks, copyright or misappropriation of any trade secret or other proprietary right of any third party. Pioneering has no knowledge that the conduct of its business infringes any patent, trademark, copyright, trade secret or other proprietary right of any third party;

(ff) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been, or in respect of the transactions contemplated herein will have been prior to Closing, approved by the board of directors of Pioneering and, subject to the due passage of the Pioneering Special Resolution, this Agreement constitutes a valid and binding obligation of Pioneering enforceable against it in accordance with its terms, subject, however, to limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction;

(gg) other than as contemplated herein, and except as required after the Amalgamation in respect of new tax and registration numbers, no notices, reports or other filings are required to be made by Pioneering with, nor are any consents, registrations, approvals, permits or authorizations required to be obtained by Pioneering from, any governmental or regulatory authority in connection with the execution and delivery of this Agreement by Pioneering and the consummation of the transactions contemplated herein by Pioneering, the failure to make or obtain any or all of which is reasonably likely to have a material adverse effect on the financial condition of Pioneering or could prevent, materially delay or materially burden the transactions contemplated herein;

(hh) Pioneering is not a party to any material contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Pioneering, other than the Employment Agreements and Non-Competition Agreements to be entered into at Closing;

(ii) to the knowledge of Pioneering, Pioneering maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with Canadian generally accepted accounting principles and to maintain accountability for assets; (iii) access to its assets is permitted only in accordance with management's general or specific authorization; (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to differences; and (v) material information relating to Pioneering is made known to those within Pioneering responsible for the preparation of the financial statements during the period in which the financial statements have been prepared;

(jj) except as regards any matter relating to Lemontonic, there are no reasonable grounds for believing that a creditor of Pioneering will be prejudiced by the Amalgamation;

(kk) Pioneering owns the Pioneering Intellectual Property Rights free and clear of all mortgages, pledges, hypothecations, security interest, assignments, liens (statutory or otherwise), charges. title retention agreements, arrangements or conditions restricting Pioneering' practice, use and commercialization rights. Pioneering, to its knowledge, after due enquiry, has the exclusive right to use, commercialize and practice any and all the Pioneering Intellectual Property Rights used or necessary in connection with the current products and products in development of Pioneering. Pioneering has not received any notice of, and to its knowledge, after due enquiry, is not aware of, any infringement of or conflict with rights of others with respect to any of the Pioneering Intellectual Property Rights which, singly or in the aggregate, if the subject of an unfavourable decision, ruling or finding, would have a material adverse effect on Pioneering. Pioneering has taken all commercially reasonable measures to protect the confidentiality and value of all of the Pioneering Intellectual Property Rights. All material disclosure of unpublished Pioneering Intellectual Property Rights by Pioneering or its employees has been pursuant to valid, binding and enforceable non-disclosure agreements and, to the knowledge of Pioneering, after due enquiry, no disclosure of any the Pioneering Intellectual Property Rights has been made that compromises the confidentiality of the Pioneering Intellectual Property Rights. There is no opposition, protest, interference, or other existing or, to the knowledge of Pioneering, after due enquiry, threatened procedure or claim affecting (i) the issuance of a patent from any currently pending patent application in which Pioneering has an interest or right of use, (ii) the issuance of a patent from any other currently pending patent application in which Pioneering has an interest or right of use, (iii) any issued patent or other registered Intangible in which Pioneering has an interest or right of use, or (iv) the current interest of Pioneering in or right to use any of the Pioneering Intellectual Property Rights, including the current scope of that interest or right, in any case, that would reasonably be expected to have a material adverse effect on Pioneering; and

(ll) Pioneering has performed all of the material obligations required to be performed by it and is entitled to all benefits under, and is not alleged to be in default of any agreement granting it any rights in and to the Pioneering Intellectual Property Rights.

## ARTICLE 5
## CONDITIONS PRECEDENT AND OTHER MATTERS

5.1 **Mutual Conditions Precedent**. The respective obligations of the parties hereto to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions any of which may be waived by the mutual consent of such parties without prejudice to their rights to rely on any other or others of such conditions:

(a) the transactions contemplated herein including the Amalgamation shall have received Majority of the Minority Approval if required under the policies of TSX Venture and OSC Rule 61-501;

(b) the transactions contemplated herein, including the Amalgamation, shall have been approved by the required majority of the votes of the shareholders of Lemontonic who, being entitled to do so, vote in person or by proxy at the Meeting in accordance with the provisions of the OBCA;

(c) the Pioneering Reorganization and the Amalgamation shall have been approved by the shareholders of Pioneering in accordance with the provisions of the OBCA;

(d) there shall not exist any prohibition at law against the completion of the Amalgamation;

(e) the securities of Amalco to be issued upon the completion of the Amalgamation shall have been accepted for listing by TSX Venture, subject to Lemontonic fulfilling TSX Venture's usual and ordinary listing requirements;

(f) TSX Venture shall have issued a conditional acceptance letter accepting the Amalgamation as a Reverse Takeover (as such term is defined in the Policy) of Lemontonic;

(g) the TSX Venture Escrow Agreement in the form required by the policies of TSX Venture shall have been entered into with terms satisfactory to the parties thereto;

(h) the Pioneering Reorganization shall have been completed;

(i) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation the Amalgamation;

(j) all other consents, orders and regulatory approvals required or necessary or desirable for the completion of the transactions provided for in this Agreement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably;

(k) the board of directors of Amalco shall consist of the directors itemized in Section 2.8 hereof; and

(l) this Agreement shall not have been terminated in accordance with Section 7.2 of this Agreement.

5.2 **Conditions to Obligations of Pioneering.** The obligation of Pioneering to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

(a) each of the acts and undertakings of Lemontonic to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by Lemontonic;

(b) no material adverse change in the business, affairs, assets, liabilities or operations of Lemontonic shall have occurred between the date hereof and the Closing Date;

(c) except as affected by the transactions contemplated herein, the representations and warranties of Lemontonic contained in Section 4.1 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time and Pioneering shall have received a certificate to that effect, dated the Closing Date, from an officer of Lemontonic acceptable to Pioneering, to the best of his knowledge, having made reasonable enquiry;

(d) the covenants of Lemontonic contained in Sections 3.3 and 3.4 hereof shall have been complied with and Pioneering shall have received a certificate of an officer of Lemontonic to such effect and outlining the cash on hand and liabilities of Lemontonic (including accrued fees payable) on the Closing Date;

(e) Lemontonic shall have furnished Pioneering with:

(i) certified copies of the resolutions passed by the board of directors of Lemontonic approving this Agreement and the consummation of the transactions contemplated herein;

(ii) certified copies of the resolutions passed by the shareholders of Lemontonic at the Meeting approving the Amalgamation and the Amalco Stock Option Plan and any other matters approved at the Meeting;

(iii) a conditional approval letter from TSX Venture approving the Amalgamation upon the terms hereof as a Reverse Takeover of Lemontonic, approving the listing of the Amalco Common Shares issuable pursuant to the Amalgamation upon exercise of any securities of Amalco convertible or exercisable into Amalco Common Shares, as well as conditionally approving the Amalco Stock Option Plan, subject to the usual standard conditions;

(iv) a certificate of the Amalco Registrar and Transfer Agent outlining the number of issued and outstanding Lemontonic Common Shares;

(v) documentation, in such form that is satisfactory to Pioneering and its counsel, terminating Mark R. Pavan, together with an indemnification and release of Mr. Pavan in favour of Lemontonic after payment of required severance to Mr. Pavan;

(f) the latest available audited financial statements of Lemontonic shall be true and correct and shall have been prepared in accordance with generally accepted accounting principles;

(g) Lemontonic shall have confirmed in writing the net cash and computer assets of Lemontonic on the Closing Date are not less than $400,000, which assumes the settlement of all accounts payable, including without limitation, legal, financing and all miscellaneous expenses of Lemontonic associated with the Amalgamation;

(h) the Amalco Stock Option Plan shall have been approved by the shareholders of Lemontonic and the Amalco New Options shall have been granted; and

(i) not more than 10% of the holders of the Lemontonic Common Shares shall have exercised, and not withdrawn, their dissent rights with respect to the Amalgamation pursuant to the OBCA.

The conditions described in Section 5.2 are for the exclusive benefit of Pioneering and may be asserted by Pioneering regardless of the circumstances, or may be waived by Pioneering in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Pioneering may have hereunder or at law.

5.3 **Conditions to Obligations of Lemontonic**. The obligations of Lemontonic to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions:

(a) each of the acts and undertakings of Pioneering to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by Pioneering;

(b) no material adverse change in the business, affairs, assets, liabilities or operations of Pioneering shall have occurred between the date hereof and the Closing Date;

(c) except as affected by the transactions contemplated herein, the representations and warranties of Pioneering contained in Section 4.2 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time, and Lemontonic shall have received a certificate to such effect, dated the Closing Date, of a senior officer of Pioneering to the best of his knowledge having made reasonable enquiry;

(d) the covenants of Pioneering contained in Sections 3.1 and 3.2 hereof shall have been complied with, and Lemontonic shall have received a certificate to such effect, dated the Closing Date, of a senior officer of Pioneering;

(e) Pioneering shall have furnished Lemontonic with:

   (i) copies of certain closing documentation in connection with the completion of the Pioneering Reorganization as requested by counsel to Lemontonic, acting reasonably, to confirm satisfactory completion of the Pioneering Reorganization;

   (ii) certified copies of the resolutions passed by the Board of Directors of Pioneering approving this Agreement, the Employment Agreements and the Non-Competition Agreements, as well as the consummation of the transactions contemplated herein; and

   (iii) a certified copy of the Pioneering Special Resolution approving the Amalgamation;

(f) the Employment Agreements and the Non-Competition Agreements shall have been entered into with terms and conditions satisfactory to Lemontonic, acting reasonably;

(g) the latest available financial statements of Pioneering shall be true and correct and shall have been prepared in accordance with generally accepted accounting principles; and

(h) not more than 10% of the holders of the issued and outstanding shares of Pioneering shall have exercised, and not withdrawn, their dissent rights with respect to the Amalgamation pursuant to the OBCA.

The conditions described above are for the exclusive benefit of Lemontonic and may be asserted by Lemontonic regardless of the circumstances, or may be waived by Lemontonic in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Lemontonic may have hereunder or at law.

5.4 **Merger of Conditions.** The conditions set out in Sections 5.1, 5.2 and 5.3 hereof shall be conclusively deemed to have been satisfied, waived or released on the filing by Lemontonic and Pioneering of the Articles of Amalgamation with the Director.

## ARTICLE 6
## NOTICES

6.1 **Notices.** All notices, requests and demands hereunder, which may or are required to be given pursuant to any provision of this Agreement, shall be given or made in writing and shall be delivered by courier, telecopier or e-mail as follows:

(a) to Lemontonic, addressed to:

Lemontonic Inc.
152 King Street East, Suite 400
Toronto, ON M5A 1J3
Attention: Mr. Mark R. Pavan
Telecopier: (416) 874-7198
e-mail: mark@lemontonic.com

with a copy to:

Burstall Winger LLP
Barristers & Solicitors
Suite 3100, Home Oil Tower
324 - 8th Avenue S.W.
Calgary, AB T2P 2Z2
Attention: Mr. Douglas M. Stuve
Telecopier: (403) 233-2131
e-mail: bourbon@burstall.com

(b) to Pioneering, addressed to:

Pioneering Technology Inc.
220 Britannia Road East
Mississauga, ON L4Z 1S6
Attention: Mr. Kevin R. Callahan
Telecopier: (905) 712-3833
e-mail: kcallahan@pioneeringtech.com

with a copy to:

Gowling Lafleur Henderson LLP
Barristers & Solicitors
1 First Canadian Place, Suite 1600
Toronto, ON M5X 1G5
Attention: Mr. Paul H. Harricks
Telecopier: (416) 369-7250
e-mail: paul.harricks@gowlings.com

or to such other addresses and telecopier numbers as the parties may, from time to time, advise to the other parties hereto by notice in writing. All notices, requests and demands hereunder shall be deemed to have been received, if delivered by courier on the date of delivery and if sent by telecopier or e-mail, on the next Business Day after the telecopy was sent.

## ARTICLE 7
## AMENDMENT AND TERMINATION OF AGREEMENT

7.1 **Amendment**. This Agreement may, at any time and from time to time before or after the holding of the Meeting, be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties hereto;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; or

(d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by securityholders of Lemontonic and the securityholders of Pioneering without approval by such securityholders of Lemontonic and Pioneering given in the same manner as required for the approval of the Amalgamation.

7.2 **Rights of Termination.** If any of the conditions contained in Article 5 hereof shall not be fulfilled or performed by February 15, 2006 (the "Termination Date") and such condition is contained in:

(a) Section 5.1 hereof, either of the parties hereto may terminate this Agreement by notice to the other party;

(b) Section 5.2 hereof, Pioneering may elect to waive such condition by notice in writing to Lemontonic or Pioneering may terminate this Agreement by notice to Lemontonic; or

(c) Section 5.3 hereof, Lemontonic may elect to waive such condition by notice in writing to Pioneering or Lemontonic may terminate this Agreement by notice to Pioneering.

If this Agreement is terminated as aforesaid, the party terminating this Agreement shall be released from all obligations under this Agreement, all rights of specific performance against such party shall terminate and, unless such party can show that the condition or conditions the non-performance of which has caused such party to terminate this Agreement were reasonably capable of being performed by the other party, then the other party shall also be released from all obligations hereunder; and further provided that any of such conditions may be waived in full or in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfillment or non-performance of any other condition.

7.3 **Notice of Unfulfilled Conditions**. If either of Lemontonic or Pioneering shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Lemontonic or Pioneering, as the case may be, shall so notify the other of them forthwith upon making such determination in order that such other of them shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Termination Date.

7.4 **Mutual Termination**. This Agreement may, at any time before or after the holding of the Meeting, but no later than the last Business Day immediately preceding the Effective Date, be terminated by mutual agreement of the directors of Lemontonic and Pioneering without further action on the part of the shareholders of Lemontonic or Pioneering, and, if the Amalgamation does not become effective on or before the Termination Date, either Lemontonic or Pioneering may unilaterally terminate this Agreement, which termination will be effective upon a resolution to that effect being passed by its directors and notice thereof being given to the other of them.

## ARTICLE 8
## GENERAL

8.1 **Stand Still Agreement.** As long as this Agreement is in effect and except as contemplated herein, neither Lemontonic nor Pioneering (including their respective directors, officers and agents) will solicit any discussions, expressions of interest, proposals or accept any offers from any Person relating to a possible merger, amalgamation, arrangement or relating to the sale of substantially all of the shares or assets, or any controlling equity interest of Lemontonic or Pioneering, as applicable, provided however that the board of directors of Lemontonic and Pioneering, as applicable, may take action or refrain from taking action as is appropriate to satisfy applicable fiduciary duties and further provided that Lemontonic and Pioneering (including their directors, officers and agents) may solicit and accept offers if the Articles of Amalgamation are not filed with the Director on or before the Termination Date.

8.2 **Disclosure of Alternative Transaction.** In the event either Pioneering or Lemontonic shall receive an unsolicited proposal, offer or expression of interest in connection with any of those matters referred to in Section 8.1 hereof on or before the Termination Date, the recipient of such proposal, offer or expression of interest shall notify the other parties hereto and shall provide details of such proposal, offer or expression of interest to the other parties hereto.

8.3 **Entire Agreement.** The terms and provisions herein contained and the schedules hereto constitute the entire agreement between the parties and shall supersede all previous oral or written communications including, without limitation, the Prior Agreements.

8.4 **Binding Effect**. This Agreement shall be binding upon and enure to the benefit of the parties hereto.

8.5 **Waiver and Modification.** Pioneering and Lemontonic may waive or consent to the modification of, in whole or in part, any inaccuracy or any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.6 **No Personal Liability.**

(a) No director, officer, employee or agent of either Lemontonic or any of its subsidiaries shall have any personal liability whatsoever to Pioneering under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of Lemontonic.

(b) No director, officer, employee or agent of either Pioneering or any of its subsidiaries shall have any personal liability whatsoever to Lemontonic under this Agreement, or any other document delivered in connection with the Amalgamation on behalf of Pioneering.

8.7 **Assignment.** No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

8.8 **Public Disclosure**. The parties agree to consult with each other before making any public disclosure or announcement of or pertaining to this Agreement, and that any such disclosure or announcement shall be mutually satisfactory to all parties; provided, however, this Section shall not apply in the event any party hereto is advised by its counsel that certain disclosures or announcements, which the other parties after reasonable notice will not consent to, are required to be made by applicable laws, stock exchange rules or policies of regulatory authorities having jurisdiction.

8.9 **Expenses and Deposit**. Whether or not the Amalgamation is completed, Lemontonic and Pioneering shall each pay for their own respective costs and expenses incurred in connection with the documentation prepared in connection with the Amalgamation.

8.10 **Time of Essence**. Time shall be of the essence of this Agreement.

8.11 **Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Ontario.

8.12 **Severability**. In the event that any provisions contained in this Agreement shall be declared invalid, illegal or unenforceable by a court or other lawful authority of competent jurisdiction, this Agreement shall continue in force with respect to the enforceable provisions and all rights and remedies accrued under the enforceable provisions shall survive any such declaration, and any non-enforceable provision shall to the extent permitted by law be replaced by a provision which, being valid, comes closest to the intention underlying the invalid, illegal and unenforceable provision.

8.13 **Confidentiality.** Each of Pioneering and Lemontonic will provide such information as to its financial condition, business, properties, title, assets and affairs (including any material contracts) as may reasonably be requested by the other party. Such information which:

(a) has not become generally available to the public; or

(b) was not available to a party or its representatives on a non-confidential basis before the date of this Agreement; or

(c) does not become available to a party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the party or its representatives, otherwise bound by confidentiality obligations to the provider of such information or otherwise prohibited from transmitting the information to the party or its representatives;

will be kept confidential by each party and shall constitute confidential information (the "confidential information"). No confidential information may be released to third parties without the consent of the provider thereof, except that the parties hereto agree that they will not unreasonably withhold such consent to the extent that such confidential information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents.

8.14 **Further Assurances**. Each party hereto shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.15 **Counterparts and Facsimile Copies**. This Agreement may be executed in separate counterparts, and all such counterparts when taken together shall constitute one (1) agreement. The parties shall be entitled to rely on delivery of a facsimile copy of the executed Agreement and such facsimile copy shall be legally effective to create a valid and binding Agreement.

**IN WITNESS WHEREOF** the parties have executed this Agreement as of the date first above written.

| **PIONEERING TECHNOLOGY INC.** | **LEMONTONIC INC.** |
|---|---|
| Per: ______________________ | Per: ______________________ |
| Kevin R. Callahan, President | Mark R. Pavan, President and CEO |

(a) has not become generally available to the public; or

(b) was not available to a party or its representatives on a non-confidential basis before the date of this Agreement; or

(c) does not become available to a party or its representatives on a non-confidential basis from a person who is not, to the knowledge of the party or its representatives, otherwise bound by confidentiality obligations to the provider of such information or otherwise prohibited from transmitting the information to the party or its representatives;

will be kept confidential by each party and shall constitute confidential information (the "confidential information"). No confidential information may be released to third parties without the consent of the provider thereof, except that the parties hereto agree that they will not unreasonably withhold such consent to the extent that such confidential information is compelled to be released by legal process or must be released to regulatory bodies and/or included in public documents.

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| Per: ______________________ | Per: ______________________ |
| Kevin R. Callahan, President | Mark R. Pavan, President and CEO |

## SCHEDULE "A"

## SHARE PROVISIONS

### COMMON SHARES

Subject to the rights of any class of shares that are expressed to rank prior to them, the Common Shares shall have the following rights, privileges, restrictions and conditions:

1. **Voting Rights**: The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation, and at all such meetings, the holders of the Common Shares shall be entitled to one (1) vote in respect of each Common Share held by them.

2. **Payment of Dividends**: Subject to the Business Corporations Act (Ontario) (the "Act"), the holders of the Common Shares shall be entitled to receive dividends if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends in such amounts and payable in such manner as the board of directors may from time to time determine. Subject to the rights of the holders of any other class of shares of the Corporation entitled to receive dividends in priority to or rateably with the holders of the Common Shares, the board of directors may in their sole discretion declare dividends on the Common Shares to the exclusion of any other class of shares of the Corporation.

3. **Participation upon Liquidation, Dissolution or Winding-Up**: In the event of the liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Common Shares shall, subject to the rights of the holders of any other class of shares of the Corporation entitled to receive the assets of the Corporation upon such a distribution in priority to or rateably with the holders of the Common Shares, be entitled to participate rateably in any distribution of the assets of the Corporation.

### PREFERRED SHARE PROVISIONS

## ARTICLE ONE

## DEFINITIONS

In these definitions:

**1.1 "Act"** means the *Business Corporations Act* (Ontario) as now enacted or as it may from time to time be amended or re-enacted.

**1.2 "articles"** has the meaning ascribed to the term in subsection 1(1) of the Act.

**1.3 "Corporation"** means Pioneering Technology Inc..

**1.4 "Director"** means the director appointed under Section 278 of the Act.

**1.5 "directors"** means the directors of the Corporation in reference to any action by the directors means action taken by them by resolution of the Board.

**1.6 "Financial Year"** means the financial year adopted from time to time by the Corporation.

**1.7 "holder"**, in respect of shares held by joint holders means all such joint holders.

**1.7 "these provisions"** means the provisions of this item of these articles of the Corporation as amended or restated from time to time.

**1.8** The expressions "article" or "section" followed by a number refer to the specified article or section of these provisions.

**ARTICLE TWO**

**PREFERRED SHARES**

The rights, privileges, restrictions and conditions attaching to the preferred shares, as a class (the **"Preferred Shares"**), are as follows:

**2.1** **Directors' Right to Issue in One or More Series**: Preferred Shares may be issued at any time and from time to time in one or more series. Before the issue of shares of any such series, the directors shall, subject to the limitations set out in the articles, fix the number of, and determine the designation, rights, privileges, restrictions and conditions attaching to, the shares of such series including, without limitation:

(a) if redeemable or purchasable, the redemption or purchase prices and the terms and conditions of redemption or purchase;

(b) the voting rights, if any;

(c) any conversion, exchange or reclassification rights; and

(d) any other terms not inconsistent with these provisions;

the whole being subject to receipt by the Director of articles of amendment designating such series of shares and the issue by the Director of a certificate of amendment with respect thereto.

**2.2** **Ranking of Preferred Shares**: The Preferred Shares of each series shall, with respect to the distribution of assets in the event of liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any distribution of its assets among its shareholders for purposes of winding up its affairs, if as determined by the Directors of the Corporation rank on a parity with the preferred shares of every other series and be entitled to preference over the Common Shares and the shares of any class ranking junior to the Preferred Shares. The Preferred Shares of any series will also be entitled to such other preferences and rights as may be fixed in accordance with section 2.1.

**2.3** **Restrictions on Issue of Shares**: No Preferred Shares may be issued if the Corporation is in breach of any of the provisions attaching to, any outstanding series of Preferred Shares without the approval of the holders of their Preferred Shares given in accordance with section 2.4.

**2.4** **Approval of Holders of Preferred Shares**: The approval of the holders of the Preferred Shares as to any matters referred to in these provisions may be given:

(a) in writing signed by all of the holders of the Preferred Shares; or

(b) by resolution passed by the affirmative vote of the holders of not less than two-thirds of the then issued and outstanding Preferred Shares taken either at a special meeting of the holders of the Preferred Shares or as a separate vote at a special meeting of the shareholders of the Corporation, in either case called to consider such resolution.

At any special meeting of, or upon any separate vote at a special meeting of the shareholders of the Corporation by, the holders of the Preferred Shares, each holder will be entitled to one vote for each Preferred Share held by such holder. The provisions of the by-laws of the Corporation governing the giving to shareholders of notice of, the quorum required to legally constitute, voting by proxy at, the conduct of and the procedure at, special meetings of shareholders will apply, with such changes as may be appropriate to suit the circumstances, to the same matters with respect to any special meeting of holders of the Preferred Shares.

## ARTICLE THREE

## PREFERRED SHARES, SERIES I

**3.1** **Creation**: The first series of Preferred Shares consists of an unlimited number of Preferred Shares, are designated as Preferred Shares, Series I (the **"Series 1 Preferred Shares"**) and, in addition to the rights, privileges, restrictions and conditions attaching to the Preferred Shares as a class, carry and are subject to the following rights, privileges, restrictions and conditions:

**3.2** **Dividends**: The holders of Series I Preferred Shares shall not be entitled to receive any dividends thereon.

**3.3** **Voting Rights**: The holders of the Series I Preferred Shares are entitled to notice of meetings called for the purpose of authorizing the dissolution of the Corporation or the sale of its undertaking or a substantial part thereof but, except as aforesaid or otherwise provided in the Act or these provisions, the holders of the Series I Preferred Shares are not entitled as such to receive notice of, or attend or vote at, any meeting of the shareholders of the Corporation.

**3.4** **Redemption and Purchase for Cancellation**:

(1) Right to redeem or purchase for cancellation: Subject to the Act and the provisions of this section 3.4, the Series I Preferred Shares may be redeemed or purchased for cancellation by the Corporation.

(2) Redemption Right: The Series I Preferred Shares are not redeemable by the Corporation at any time, subject to Section 3.4(1), the Corporation may, at its option, upon giving the notices hereinafter provided, redeem at any time all, or from time to time any, of the outstanding Series I Preferred Shares on the payment of the Redemption Price as provided in section 3.4(3). If fewer than all of the outstanding Series I Preferred Shares are to be redeemed, the shares to be redeemed will be selected by lot, as nearly as may be pro rata (to the nearest 100 shares) to the number of Series I Preferred Shares registered in the name of each holder, or in any other manner, all as the board of directors or transfer agent (if any) for the Series I Preferred Shares may determine.

(3) Redemption Price: The redemption price per share at which the Series I Preferred Shares are redeemable is $0.06 (referred to in these provisions as the **"Redemption Price"**).

(4) Redemption Procedure:

(a) Not less than 5 nor more than 30 days before the date specified for redemption, the Corporation shall give to each person who at the date of delivery, mailing, sending or publication is a registered holder of Series I Preferred Shares to be redeemed under this section 3.4 notice of the intention of the Corporation to redeem such Series I Preferred Shares. Such notice shall set out the Redemption Price, the date fixed for redemption, the place of redemption and, in case of partial redemption, the number or portion of each holder's shares to be redeemed.

(b) On and after the date fixed for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Series I Preferred Shares to be redeemed on presentation and surrender at the place of redemption of the respective certificates representing such shares, an amount equal to the Redemption Price (less any tax required to be deducted or withheld by the Corporation). Such payment in respect of Series I Preferred Shares being redeemed shall be made by cheques payable to the holders thereof in lawful money of Canada at par at any branch in Canada of the Corporation's bankers for the time being.

(c) On the date fixed for redemption the Series I Preferred Shares called for redemption shall be deemed to be redeemed (and from and after that date the holders thereof will cease to be entitled to exercise any other rights of holders in respect thereof) unless payment of the Redemption Price is not made upon presentation and surrender of the certificates in accordance with the foregoing provisions (in which event the rights of the holders will remain unaffected until payment is made of the Redemption Price).

(d) The Corporation has the right at any time after delivering, mailing, sending or publishing a notice of redemption to deposit an amount equal to the Redemption Price of the shares thereby called for redemption (less any tax required to be deducted or withheld by the Corporation), or such part thereof as at the time of deposit has not been claimed by the shareholders entitled thereto, in any Canadian chartered bank or trust company in Canada specified in the notice of redemption or in a subsequent notice to the holders of the shares in respect of which the deposit is made, in a special account for the holders of such shares. Upon such deposit being made or upon the date fixed for redemption, whichever is the later, the rights of each holder of the Series I Preferred Shares in respect of which such deposit has been made will be limited to receiving, without interest, the holder's shares of the amount so deposited upon presentation and surrender of the certificates representing the holder's shares so redeemed. Any interest on such deposit will belong to the Corporation.

(e) Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit to a special account as provided for above) for a period of 6 years from the date specified for redemption will be forfeited to the Corporation and thereafter no person will be entitled to recover such moneys by action or any other proceeding against the Corporation.

(f) If less than all the Series I Preferred Shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the Corporation's expense.

(5) Purchase for Cancellation: Subject to section 3.4(1) the Corporation may purchase for cancellation at any time all, or from time to time any, of the outstanding Series I Preferred Shares at the lowest price or prices at which, in the opinion of the board of directors, such shares are obtainable, but if such shares are purchased otherwise than (i) through the facilities of a recognized stock exchange on which the Series I Preferred Shares are listed, or (ii) pursuant to tenders received by the Corporation upon an invitation for tenders addressed to all holders of Series I Preferred Shares, they may not be purchased at a price exceeding $0.06 per share, plus in all cases reasonable costs of purchase. If, pursuant to such an invitation for tenders, the Corporation receives tenders at the same price for more shares than the Corporation is prepared to purchase at such price, the shares to be purchased will be selected from the shares offered at such price in any manner provided in the last sentence of section 3.4(2) (after the Corporation has purchased all the shares, if any, tendered at lower prices).