

**THIS SUPPORT AGREEMENT** is made the        day of March, 2006

**BETWEEN:**

**AMTAG ID INC.**, a corporation subsisting under the laws of the Province of Ontario ("**Amtag**")

- and -

**IPICO SOUTH AFRICA (PTY) LIMITED**, a corporation incorporated pursuant to the laws of South Africa ("**Subco**")

- and -

**IPICO HOLDINGS (PTY) LIMITED**, a corporation incorporated pursuant to the laws of South Africa (the "**Company**")

**WHEREAS** pursuant to an asset purchase agreement dated for reference the 5<sup>th</sup> day of January, 2006 (the "**Asset Purchase Agreement**"), Subco has agreed to acquire certain assets of the Company in consideration of, among other things, the issuance of Preference shares in the capital of its wholly-owned subsidiary Subco (the "**Preference Shares**");

**AND WHEREAS** the Preference Shares may be retracted or redeemed for common stock of Amtag ("**Amtag Shares**"), subject to the overriding right of Amtag to directly or indirectly purchase the Preference Shares in certain circumstances in exchange for Amtag Shares;

**AND WHEREAS** in accordance with the Asset Purchase Agreement, the parties hereto have agreed to enter into this support agreement (the "**Agreement**");

**NOW THEREFORE** in consideration of the respective covenants and agreements provided in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

**ARTICLE 1  
DEFINITIONS AND INTERPRETATION**

**1.1            Defined Terms**

Each term denoted herein by initial capital letters and not otherwise defined herein shall have the meaning ascribed thereto in the share provisions of the Preference Shares (the "**Share Provisions**").

Handwritten signatures in black ink, appearing to be initials or names, located in the bottom right corner of the page.

**1.2 Interpretation Not Affected by Headings**

The division of this Agreement into Articles, sections and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise indicated, all references to an "Article" or "Section" followed by a number and/or a letter refer to the specified Article or Section 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 Number, Gender**

Words in the singular number only shall include the plural and vice versa. Words in one gender shall include all genders.

**1.4 Date for any Action**

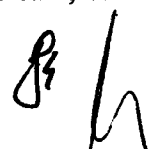
If any date on which any action is required to be taken under this Agreement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

**ARTICLE 2  
COVENANTS**

**2.1 Covenants Regarding Preference Shares**

So long as there are outstanding any Preference Shares not owned by Amtag or its Affiliates, Amtag shall, subject to all applicable law and the approval of SARB to the extent required:

- (a) not declare or pay any dividend on Amtag Shares unless (i) Subco shall simultaneously declare or pay, as the case may be, an equivalent dividend (as provided for in the Share Provisions) on the Preference Shares and (ii) Subco shall have sufficient money or other assets or authorized but unissued securities available to enable the due declaration and the due and punctual payment, in accordance with applicable law, of any such dividend on the Preference Shares;
- (b) advise Subco sufficiently in advance of the declaration by Amtag of any dividend on Amtag Shares and take all such other actions as are reasonably necessary, in co-operation with Subco, to ensure that the respective declaration date, record date and payment date for a dividend on the Preference Shares shall be the same as the declaration date, record date and payment date for the corresponding dividend on Amtag Shares;
- (c) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit Subco, in accordance with applicable law, to



pay and otherwise perform its obligations with respect to the satisfaction of the Liquidation Amount, the Retraction Price or the Redemption Price in respect of each issued and outstanding Preference Share upon a Liquidation Distribution, the delivery of a Retraction Request by a holder of Preference Shares or a redemption of Preference Shares by Subco, as the case may be, including, without limitation, all such actions and all such things as are necessary or desirable to enable and permit Subco to deliver or cause to be delivered Amtag Shares to the holders of Preference Shares in accordance with the provisions of the Share Provisions;

- (d) take all such actions and do all such things as are reasonably necessary or desirable to enable and permit it (or its Affiliate if Amtag has assigned its rights as contemplated in the Share Provisions to its Affiliate), in accordance with applicable law, to exercise the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right including, without limitation, all such actions and all such things as are necessary or desirable to enable and permit it to issue and deliver Amtag Shares to the holders of Preference Shares in accordance with the provisions of the Share Provisions;
- (e) not exercise its vote as a shareholder to initiate the voluntary liquidation, dissolution or winding-up of Subco nor take any action or omit to take any action that is designed to result in the liquidation, dissolution or winding-up of Subco; and
- (f) perform its obligations, in accordance with applicable law, pursuant to the exercise of an Exchange Right by holders of Preference Shares as contemplated in the Share Provisions.

## **2.2 Segregation of Funds**

Amtag will cause Subco to deposit a sufficient amount of funds in a separate account of Subco and segregate a sufficient amount of such other assets and property as and when necessary to enable Subco to pay dividends when due and to pay or otherwise satisfy its respective obligations under the Share Provisions, and Subco will use such funds or other assets exclusively to pay such dividends or satisfy its obligations under the Share Provisions.

## **2.3 Reservation of Amtag Shares**

Amtag hereby represents, warrants and covenants in favour of Subco and the holders of Preference Shares that Amtag has reserved for issuance and will, at all times while any Preference Shares (other than Preference Shares held by Amtag or its Affiliates) are outstanding, keep available, free from pre-emptive and other rights, out of its authorized and capital stock such number of Amtag Shares (a) as is equal to the sum of (i) the number of Preference Shares issued and outstanding from time to time and (ii) the number of Preference Shares issuable upon the exercise of all rights to acquire Preference Shares outstanding from time to time (if any) and (b) as are now and may hereafter be required to enable and permit Amtag to meet its obligations under the Liquidation Call Right, the Retraction Call Right and



the Redemption Call Right and under any other security or commitment pursuant to which Amtag may now or hereafter be required to issue Amtag Shares, to enable and permit Amtag and Subco to meet their respective obligations hereunder and under the Share Provisions.

#### **2.4 Notification of Certain Events Concerning Subco**

In order to assist and permit Amtag to exercise the Liquidation Call Right, Retraction Call Right and Redemption Call Right, Subco will notify Amtag of each of the following events at the time set forth below:

- (a) immediately following any determination by the Board of Directors to institute voluntary liquidation, dissolution or winding-up proceedings with respect to Subco or to effect any other distribution of the assets of Subco among its shareholders for the purpose of winding up its affairs;
- (b) immediately upon the receipt by Subco or Subco becoming aware of any threatened or instituted claim, suit, petition or other proceedings with respect to the involuntary liquidation, dissolution or winding-up of Subco or to effect any other distribution of the assets of Subco among its shareholders for the purpose of winding up its affairs;
- (c) immediately upon receipt by Subco of a Retraction Request;
- (d) on the same date on which notice of redemption is given to holders of Preference Shares upon the determination of a Redemption Date in accordance with the Share Provisions; and
- (e) immediately upon the issuance by Subco of any additional Preference Shares or rights to acquire Preference Shares.

#### **2.5 Delivery of Amtag Shares to Subco**

Upon notice from Subco of any event that requires Subco to cause to be delivered Amtag Shares to any holder of Preference Shares, and subject to Amtag's exercise of the Liquidation Call Right, the Retraction Call Right or the Redemption Call Right, Amtag shall, subject to applicable law, at Subco's request and direction forthwith issue and deliver or cause to be delivered to the former holder of the surrendered Preference Shares the requisite number of Amtag Shares to be received by such former holder in full satisfaction of Subco's obligations to such former holder under the Share Provisions. All such Amtag Shares shall be duly authorized and validly issued as fully paid and non-assessable and shall be free and clear of any lien, claim or encumbrance. In consideration of the issuance and delivery of such Amtag Shares to such former holder of surrendered Preference Shares, Subco shall issue to or to the order of Amtag one or more common shares in the capital of Subco having in aggregate equivalent value to such Amtag Shares.

## 2.6 Equivalence

- (a) Amtag will not without the prior approval of Subco and the prior approval of the holders of Preference Shares given in accordance with Section 11.2 of the Share Provisions:
- (i) subdivide, redivide or change the then outstanding Amtag Shares into a greater number of Amtag Shares;
  - (ii) reduce, combine, consolidate or change the then outstanding Amtag Shares into a lesser number of Amtag Shares; or
  - (iii) reclassify or otherwise change Amtag Shares or effect an amalgamation, merger, reorganization or other transaction affecting Amtag Shares,

unless the same or an economically equivalent change, as determined by Amtag in good faith and in its sole discretion, acting reasonably, shall simultaneously be made to, or in the rights of the holders of, the Preference Shares.

- (b) Subco agrees that, to the extent required, upon due notice from Amtag, Subco will use its best efforts to take or cause to be taken such steps as may be necessary for the purposes of ensuring that appropriate dividends are paid or other distributions are made by Subco, or subdivisions, redivisions or changes are made to the Preference Shares, in order to implement the required economic equivalency with respect to Amtag Shares and the Preference Shares as provided for in this Section 2.6.

## 2.7 Tender Offers

In the event that a take-over bid, tender offer, share exchange offer, issuer bid or similar transaction with respect to Amtag Shares (an "Offer") is proposed by Amtag or is proposed to Amtag or its shareholders and is recommended by the Board of Directors of Amtag, or is otherwise effected or to be effected with the consent or approval of the Board of Directors of Amtag, and the Preference Shares are not redeemed by Subco or purchased by Amtag as contemplated by and in compliance with the Share Provisions, then Amtag will use its best efforts expeditiously and in good faith to take all such actions and do all such things as are necessary or desirable to enable and permit holders of Preference Shares to participate in such Offer to the same extent and on an economically equivalent basis as the holders of Amtag Shares, without discrimination. Without limiting the generality of the foregoing, Amtag will use its best efforts expeditiously and in good faith (in the case of a transaction by Amtag or where Amtag is a participant in the negotiation thereof) to ensure that holders of Preference Shares may participate in all such Offers without being required to retract the Preference Shares as against Subco (or, if so required, to ensure that any such retraction, shall be effective only upon, and shall be conditional upon, the closing of the Offer and only to the extent necessary to tender or deposit to the Offer). Nothing herein shall affect the rights of



Subco under the Share Provisions to redeem (or Amtag to purchase pursuant to the Redemption Call Right) the Preference Shares, in the event of a Amtag Control Transaction.

## **2.8 Ownership of Voting Shares of Subco**

Without the prior approval of Subco and the prior approval of the holders of Preference Shares given in accordance with Section 11.2 of the Share Provisions, Amtag covenants and agrees in favour of Subco and the holders of Preference Shares that, as long as any of the Preference Shares outstanding are owned by any Person other than Amtag or any of its Affiliates, Amtag will be and shall remain the beneficial owner of all issued and outstanding voting shares in the capital of Subco and Amtag shall use all commercially reasonable efforts to ensure that Subco is in good standing under its jurisdiction of incorporation.

## **ARTICLE 3 AMTAG SUCCESSORS**

### **3.1 Requirements in Respect of Combinations, etc.**

Amtag shall not consummate any transaction (whether by way of reconstruction, reorganization, consolidation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of a merger, of the continuing corporation resulting therefrom, unless:

- (a) such other Person or continuing corporation (the "Amtag Successor") by operation of law, becomes, without more, bound by the terms and provisions of this Agreement or, if not so bound, executes, prior to or contemporaneously with the consummation of such transaction, an agreement supplemental hereto and such other instruments (if any) as are reasonably necessary or advisable to evidence the assumption by the Amtag Successor of liability for all moneys payable and property deliverable hereunder and the covenant of such Amtag Successor to pay and deliver or cause to be delivered the same and its agreement to observe and perform all the covenants and obligations of Amtag under this Agreement; and
- (b) such transaction shall be upon such terms and conditions as substantially to preserve and not to impair in any material respect any of the rights, duties, powers and authorities of the other parties hereunder.

### **3.2 Vesting of Powers in Successor**

Whenever the conditions of Section 3.1 have been duly observed and performed, if required by Section 3.1 the Amtag Successor and Subco shall execute and deliver a supplemental agreement hereto and thereupon the Amtag Successor shall possess and from time to time may exercise each and every right and power of Amtag under this Agreement in the name of Amtag or otherwise and any act or proceeding by any provision of this Agreement required to be done or performed by the Board of Directors of Amtag or any

officers of Amtag may be done and performed with like force and effect by the directors or officers of such Amtag Successor.

### **3.3 Wholly-Owned Subsidiaries**

Nothing herein shall be construed as preventing the amalgamation or merger of any direct or indirect subsidiary of Amtag with or into Amtag or the winding-up, liquidation or dissolution of any direct or indirect subsidiary of Amtag, provided that all of the assets of such subsidiary are transferred to Amtag or another wholly-owned direct or indirect subsidiary of Amtag and any such transactions are expressly permitted by this Article 3. Nothing herein shall be construed as preventing the amalgamation of Subco and the Company. Upon the amalgamation of Subco and the Company, all references to "Subco" in this Agreement shall be deemed to be references to such amalgamated company.

## **ARTICLE 4 GENERAL**

### **4.1 Term**

This Agreement shall come into force and be effective as of the date hereof and shall terminate and be of no further force and effect at such time as no Preference Shares (or securities or rights convertible into or Preference for or carrying rights to acquire Preference Shares) are held by any Person other than Amtag and any of its Affiliates.

### **4.2 Changes in Capital of Amtag and Subco**

At all times after the occurrence of any event contemplated pursuant to Section 2.6 or 2.7 or otherwise, as a result of which either Amtag Shares or the Preference Shares or both are in any way changed, this Agreement shall forthwith be amended and modified as necessary in order that it shall apply with full force and effect, with the appropriate changes, to all new securities into which Amtag Shares or the Preference Shares or both are so changed and the parties hereto shall execute and deliver an agreement in writing giving effect to and evidencing such necessary amendments and modifications.

### **4.3 Severability**

If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remainder of this Agreement shall not in any way be affected or impaired thereby and this Agreement shall be carried out as nearly as possible in accordance with its original terms and conditions.

### **4.4 Amendments and Modifications**

This Agreement may not be amended or modified except by an agreement in writing executed by Amtag and Subco and, subject to Section 4.5, with the approval of the holders of Preference Shares (or their duly appointed attorney or agent) obtained in accordance with Section 11.2 of the Share Provisions.

#### **4.5 Permitted Amendments**

Notwithstanding the provisions of Section 4.4, Amtag and Subco may in writing at any time and from time to time, without the approval of holders of Preference Shares, amend or modify this Agreement for the purposes of:

- (a) adding to the covenants of Amtag and Subco, provided that each of Amtag and Subco shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of holders of Preference Shares;
- (b) making such amendments or modifications not inconsistent with this Agreement as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of each of Amtag and Subco, it may be expedient to make, provided that each shall be of the good faith opinion that such amendments or modifications will not be prejudicial to the rights or interests of holders of Preference Shares; or
- (c) making such changes or corrections which, on the advice of counsel to Amtag and Subco are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that each of Amtag and Subco shall be of the good faith opinion that such changes or corrections will not be prejudicial to the rights or interests of holders of Preference Shares.

#### **4.6 Enurement**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.

#### **4.7 Notices to Parties**

All notices, requests, demands and other communications hereunder must be made in writing and will be deemed to have been duly given if delivered personally or by courier to the addressee at the address appearing on the first page hereof or to such other address as may be given in writing by the party. Any notice given by personal delivery shall be deemed to be received on the date of delivery. Any notice sent by courier shall be deemed to be received on the next Business Day following the deposit of the communication with the courier service.



**4.8 Governing Law**

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or related hereto.

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

**AMTAG ID INC.**

Per: \_\_\_\_\_

Name: Gregory Roberts

Title: President + CEO

**IPICO SOUTH AFRICA (PTY) INC.**

Per: \_\_\_\_\_

Name: Gregory Roberts

Title: ~~CEO~~ Director

**IPICO HOLDINGS (PTY) INC.**

Per: \_\_\_\_\_

Name: JCL Erasmus

Title: CEO & Director