

SCHEDULE A

Agreement made this day of January, 2003.

B E T W E E N:

CANADA POST CORPORATION
("Canada Post")

- and -

CYBERSURF CORP. and 3WEB CORP.
("Cybersurf")

SETTLEMENT AGREEMENT

WHEREAS:

Alberta Government Services, Consumer Services Branch, commenced an investigation of Cybersurf and Canada Post of certain allegations in connection with a possible breach of section 6 of the *Alberta Fair Trading Act*.

Investigators under the *Canada Competition Act* were contemplating an investigation of certain allegations in connection with a possible breach of the *Competition Act* by Cybersurf and Canada Post.

Cybersurf, in conjunction with Canada Post, have resolved to proceed co-operatively to the resolution of the investigations of Alberta Government Services, Consumer Services Branch, under the *Alberta Fair Trading Act* and the process under the *Competition Act* (hereinafter referred to as the "Investigations" and the "Regulators"), without admitting any liability or wrongdoing and, for Canada Post, without admitting that Alberta Government Services, Consumer Service Branch has any jurisdiction over Canada Post.

NOW THEREFORE, Canada Post and Cybersurf agree to offer to settle on the following terms:

1. Canada Post agrees to facilitate a refund offer to consumers who purchased a CD-ROM containing installation software that provided access to the Internet (the "CD-ROM") through Canada Post outlets on or after January 1, 2001 (the "Refund Offer") on the terms and conditions set out below.
2. The Refund Offer will be made based on the full amount of the original retail price of \$9.95 (the "Retail Price") plus applicable taxes paid by the consumer (the "Refund Price").
3. Each consumer wishing to take up the Refund Offer will be required to present themselves at any Canada Post outlet and produce the CD-ROM to entitle the consumer to the Refund Price. Each consumer will sign a document in the form attached as Schedule A.
4. The Refund Offer will be made public by an advertisement placed in the Globe & Mail and La Presse on Friday, February 28, 2003 and Saturday, March 1, 2003. The notice will be an eighth of a page advertisement in the form attached as Schedule B.
5. Consumers will have until March 31, 2003 to return the CD-ROM to a Canada Post outlet in order to qualify for the Refund Price. Thereafter, all obligations of Canada Post and Cybersurf to pay the Refund Price will terminate.

6. The internal Canada Post costs of administering the Refund Offer will be borne exclusively by Canada Post. Canada Post and Cybersurf will equally bear the costs of the Retail Price. Cybersurf will pay three-quarters of the cost of advertising and Canada Post will pay one-quarter of the cost of advertising the 1/8th page advertisement described in paragraph 4.

7. Cybersurf will pay the costs of the Alberta Government Services investigation.

8. Canada Post will pay each eligible consumer the Refund Price. Cybersurf will reimburse Canada Post one-half of the Retail Price paid upon presentation of copies of the written releases and acknowledgement by Canada Post of the monies paid out by it. In order to secure payment of Cybersurf's obligations under this Agreement, Cybersurf will establish an irrevocable \$40,000 Letter of Credit in favour of Canada Post for 90 days after March 1, 2003 to meet Cybersurf's financial obligations for one-half of the Retail Price paid. The Letter of Credit will be drawn on a Chartered Canadian Bank. Canada Post can draw upon the Letter of Credit in accordance with Schedule C.

9. Except as expressly set out herein, Canada Post and Cybersurf shall bear their own legal costs and disbursements of the investigations.

10. Canada Post and Cybersurf shall keep the terms and conditions of this Settlement Agreement completely confidential. Canada Post and Cybersurf will not voluntarily disclose any information concerning the terms of this Settlement Agreement to anyone except:

- (a) to the extent required by law;
- (b) with the prior consent of the non-disclosing party, such consent not to be unreasonably withheld; and
- (c) to duly authorized directors, officers or senior employees, legal counsel and accounting or financial advisors of Canada Post and Cybersurf, provided they first agree to keep the information confidential and not disclose it to others.

DATE: January 6, 2003.

BBP
 WITNESS

Canada Post Corporation

Per: [Signature]
 Name: NONNA SIVAK
 Title: CRU - P Retard

Broni Hga
 WITNESS

Cybersurf Corp.

Per: [Signature]
 Name: PAUL MERCIA
 Title: PRESIDENT & CEO

Broni Hga
 WITNESS

3web Corp.

Per: [Signature]
 Name: PAUL MERCIA
 Title: PRESIDENT & CEO

SCHEDULE A

**CANADA POST CORPORATION,
CYBERSURF CORP. and 3WEB CORP.**

I _____, acknowledge that I purchased
(print name)
a CD ROM providing "Internet for Life" through Canada Post Corporation between December 31, 2000 and July 31, 2001 and that I have returned the CD ROM in exchange for the Retail Price of \$9.95 plus applicable sales tax paid, which monies were received by me on the _____ day of March, 2003. I release Canada Post Corporation, Cybersurf Corp. and 3Web Corp. from all existing claims and costs related to the CD ROM purchased and representations made with respect to that purchase.

WITNESS *(Signature)*

RECIPIENT *(Signature)*

Address:

Tel: () _____

SCHEDULE B

**NOTICE TO ALL PURCHASERS OF "FREE INTERNET FOR LIFE"
CD-ROMS THROUGH CANADA POST CORPORATION
BETWEEN JANUARY AND JULY 2001. [16 pt. Banner]**

If you purchased a CD-ROM containing installation software that provided access to the Internet through any Canada Post Corporation retail outlet in Canada between January 2001 and July 2001, you may be eligible for a refund of the original purchase price, together with applicable sales taxes.

In order to obtain the refund, you must return the CD-ROM you purchased to any Canada Post retail outlet by March 31, 2003.

SCHEDULE C

TERMS AND CONDITIONS FOR DRAWING ON 90 DAY LETTER OF CREDIT

- 1) Canada Post agrees to first submit to Cybersurf by Registered Mail any and all claims for reimbursement of half the \$9.95 CDN Retail Price reimbursed to eligible consumers by Canada Post supported by copies of written releases and acknowledgements signed by said eligible consumers on or before April 1, 2003 in accordance with Paragraph 8 of this Settlement Agreement (the "Reimbursable Amount"). Such claims shall be forwarded to Cybersurf Corp., 300, 1144-29th Avenue NE, Calgary, Alberta, T2E 7P1, Attention: Carmen Morris, VP Finance.
- 2) Cybersurf shall have 14 days from receipt of any such properly submitted claims to submit payment to Canada Post of the Reimbursable Amount for all properly claimed and documented amounts.
- 3) In the event of failure by Cybersurf to pay Canada Post the Reimbursable Amount within 14 days, Canada Post may present to a chartered bank, the said letter of credit with these appended terms and conditions, with copies of the said unpaid claims plus copies of supporting documentation along with a sworn declaration to the effect that Cybersurf has failed to reimburse Canada Post for the said Reimbursable Amount in a timely fashion and the Letter of Credit may accordingly be drawn down to the extent of such failure.
- 4) Copies of the documentation presented in paragraph 3 along with the sworn declaration shall also be forwarded to Carmen Morris, Cybersurf Corp. at the address aforesaid.
- 5) All claims by Canada Post under the Letter of Credit must be made on or before May 30, 2003, the expiry date of the Letter of Credit.