



**SPORTS TRADERS GROUP INC**

**SPORTS TRADERS GROUP ASSOCIATION AGREEMENT**

Agreement made this \_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 20\_\_

**BETWEEN: SPORTS TRADERS GROUP INC.**

508 Discovery St., Victoria B.C.  
(Hereinafter called the Company),

**OF THE FIRST PART**

**AND:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Store Location: \_\_\_\_\_  
(Hereinafter call the Member)

**OF THE SECOND PART**

WHEREAS the parties wish to be associated in a Sports Traders Group Association to be operated by a new independently owned corporation known as Sports Traders Group Inc., and is separated and apart from Sports Traders and it's various Corporate entities, and is to be established for the mutual benefit and use of the Company and it's Members.

WHEREAS the Members of Sports Traders Group Association will have the right to use the Federal Trademark of Sports Traders under License from Sports Traders Group Inc. and Traders International Franchise Management Inc.

AND WHEREAS the Member shall have territorial rights as set out in their original Franchise Agreement, attached hereto as Schedule "A".

AND WHEREAS the official Head Office of the Company and Association shall be 508 Discovery St., Victoria, B.C. V8T 1G8.

NOW therefore, the parties covenant and agree as hereinafter set out:

1. THE MEMBER shall be entitled to the benefits herein by paying an annual Membership fee of \$2400.00 plus G.S.T. per annum for the first year and \$1200.00 all subsequent years, payable in monthly post-dated cheques of \$200.00 / \$100.00+ G.S.T. per month, pre-deposited in 12 cheques, payable to Sports Traders Group Inc., on the first day of each month, commencing:

---

Pre-payment with post-dated cheques submitted to the Company's Head Office shall be mandatory in order for the Member to establish and maintain its rights and licenses as described hereinafter.

2. THE MEMBER may resign from the Sports Traders Group Association herein at any time upon providing thirty (30) days written notice to the Company, and in the event that the Member shall resign, the Member shall immediately surrender any and all license rights and intellectual property rights and any other rights in and to the name Sports Traders, in all its rights pursuant to the Association Agreement as set out in Schedule "A" hereto and shall within sixty (60) days of giving the notice to the Company, change all store information, logos and reference to the Sports Traders, to a new store name which is absolutely non-conflicting with the name Sports Traders or its marketing promotions.
3. IN consideration of entering into this Agreement, Sports Traders Group Inc. will create periodic industry and informational bulletins as it deems necessary.
4. THE PARTIES agree that Terry Mellet shall be designated Head Buyer and Program Negotiator and will co-ordinate all designated assistant buyer-Members to create assorted National Sports Traders Programs.
5. THE COMPANY shall create a periodic listing of all Supplier Programs, and make this list available for Members use at no cost.
6. ANNUAL MEETING date shall be established by the Company, to be agreed upon by the Members herein.
7. SPORTS TRADERS CRESTED PROGRAMS shall be co-ordinated by the Company for the use of the participating Members.
8. ALL EXISTING 1-800 lines, Admats, Logo Sheets, Jingles, Television Commercials, shall remain available to the Member to be used at the Member's own expense and without obligation or cost to the Company.
9. THE MEMBER shall voluntarily assist the Company in enhancing existing and additional programs as shall benefit the Members.
10. THE MEMBER may sell their Sports Traders Store and transfer the Association rights herein without transfer fees, however, the new purchaser must sign a new Association Agreement and make all payments and execute all documentation as may be necessary to effect the transfer.
11. IN THE EVENT the Member fails to maintain the monthly dues and is in arrears by sixty (60) days, that is two (2) monthly payments, the failure to pay monthly dues as set out in 1 above, shall constitute a breach of this Agreement, and the Member shall forfeit any and all rights to the Sports Traders name, and any all Association benefits and shall cease being a Member in good standing of the Association.
12. IN THE EVENT that the Member fails to maintain its monthly dues and forfeits its rights to be a Member of this Association, the Member shall immediately take any and all efforts to remove any and all references to the Sports Traders logo from its business, any and all reference to its connection or Association with Sports Traders, and shall immediately change the name of its business operation to a new store name which is absolutely non-conflicting with the name Sports Traders or its marketing promotions. Upon default, the company has the right to sell another Sports Traders Store in this territory.
13. IN THE EVENT the defaulting Member refuses to remove any and all references to the Sports Traders Logo, or references to its connection or Association with Sports Traders from its business, the Company may apply for a Cease and Desist Order in the Supreme Court of Competent Jurisdiction and the Member shall be liable for the party and party costs, pursuant to the Supreme Court Rules of Competent Jurisdiction.

14. THE COMPANY will accept corporate entities wholly owning and operating the Sports Traders Store, as Members of this Association.
15. THE COMPANY is not responsible for delays and/or credit approvals or product availability from any Suppliers. The Member is not an agent of the Company for any purpose whatsoever and nothing herein shall grant to the Member any right to create any obligation expressed or implied on behalf of or in the name of the Company. The Company does not guarantee the availability of any Supplier programs to all stores.
16. GOVERNING & Jurisdiction, Province of British Columbia, Canada All Legal Matters including, but without LIMITING the generality of the foregoing, any challenges in Civil Court must be Commenced and heard in the Province of British Columbia, Canada without exception.

**SCHEDULE 'A'**  
**DESCRIPTION OF EXCLUSIVE TERRITORY**

The Exclusive Territory described below is guaranteed for the term as a paid-up Member in good standing with this Sports Traders Association.

17.

18. THE MEMBER acknowledges that it has received, read and understood this Agreement and attachments hereto, and that the Company has accorded the Member ample time and opportunity to consult with appropriate advisors of its own choosing regarding potential benefits and risks of entering into this Agreement. The Member acknowledges that this Agreement involves business risks and that its success will be largely dependent upon the ability of the Member as an independent business person, and that the Company expressly disclaims any guarantees, expressed or implied with the profitability of this Member's business.
19. THE COMPANY makes no representations or warranties concerning any studies, profitability, income or conclusions, economic or otherwise, which may have been prepared in connection with Sports Traders or licenses contemplated with this Agreement.
20. THIS AGREEMENT shall have no expiry date, and shall be deemed "on-going" for the length of time as the Member and the Company are in the business of mutual benefit. This Agreement may be terminated by written notice by the Member, or the Company may terminate the Member by Membership fee default, bankruptcy of Member.

\_\_\_\_\_  
 Association Member Signature

\_\_\_\_\_  
 SPORTS TRADERS GROUP INC.  
 Allan Mellett, President

Store Location: \_\_\_\_\_

\_\_\_\_\_