

SCHEDULE A

Amended Agreement made this day of May, 2003.

BETWEEN:

CANADA POST CORPORATION
("Canada Post")

- and -

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

SETTLEMENT AGREEMENT

WHEREAS:

Three class actions have been commenced against Canada Post and Cybersurf as action no. S02253S in B.C.; action no. 02-6522-CP in Ontario; action no. 500-06-000152-021 in Quebec (collectively referred to as the "Proposed Class Proceedings").

Two of class actions (Ontario and British Columbia) have been settled in accordance with the document attached as Schedule D, which contemplates a refund offer ("Refund Offer") hereinafter described.

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*.

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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.

The Settlement Agreements executed the 6th day of January, 2003 and the 6th day of March, 2003 in the same matter between the same parties are hereby amended consistent with this Amended Agreement dated the of May, 2003.

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:

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- (a) 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");
- (b) optional to any consumer returning the CD-Rom and signing the necessary documentation a 3webXS premium Internet service CD that will allow the consumer to obtain 3 months free premium 3webXS Internet service (the "Free Internet") without further obligation except that the consumer may continue the service at regular rates.

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 and Mail and La Presse on two convenient days beginning June 13, 2003, being consecutive on a Friday and Saturday. The notice will be an eighth of a page advertisement and contain the information contained in Schedule B.

5. Consumers will have 45 days from the date of the final advertisement 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

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of the Retail Price and the advertising costs. Cybersurf will exclusively bear all the costs of the Free Internet service.

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 120 days after June 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 and the Proposed Class Proceedings.

10. Canada Post and Cybersurf release one from the other from any and all claims or possible claims arising out of the Investigations, the Proposed Class Proceedings and Agreement No. 7400612 between Canada Post and Cybersurf, entered into January 1, 2001, except for damages, costs and other expenses related to the Quebec class proceeding, being action no. 500-06-000152-021. Canada Post and Cybersurf undertake to deliver within thirty days of the date of this amended Settlement Agreement

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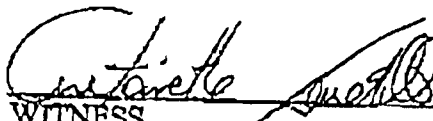
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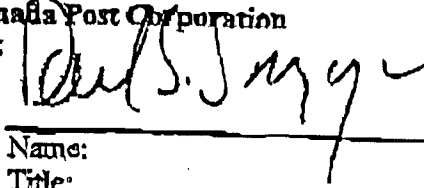
an originally executed copy of the Release and Confidentiality Agreement, the form and content of which is attached as addendum "A".


11. 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:

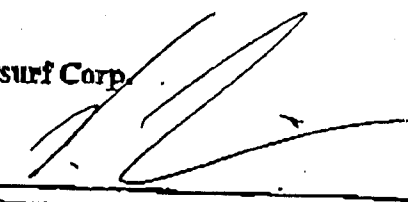
- (a) to the extent required by law;
- (b) with the prior consent of the non-disclosing party, such consent not to be unreasonably withheld; and
- (c) to duly authorized directors, officers or senior employees, legal counsel and accounting or financial advisors of Canada Post and Cybersurf, provided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

DATE: June , 2003.


WITNESS

Canada Post Corporation
Per: 
Name:
Title:


WITNESS

Cybersurf Corp.
Per: 
Name:
Title:

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Broni Hzon
WITNESS

Swab Corp.
Per: [Signature]
Name:
Title:

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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 September
27, 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 _____, 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: () _____

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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 and a 3 month free internet offer.

In order to obtain the refund, you must return the CD-ROM you purchased to any Canada Post retail outlet by July 31, 2003. In order to obtain your 3 month free internet service you must then fax a copy of the signed CD-ROM return form to (403)777-2003 on or before August 15, 2003.

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SCHEDULE C

TERMS AND CONDITIONS FOR DRAWING ON 120 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 September 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: Russell Holmes, Controller.
- 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 Russell Holmes, Cybersurf Corp. at the address aforesaid.
- 5) All claims by Canada Post under the Letter of Credit must be made on or before September 30, 2003, the expiry date of the Letter of Credit.

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ADDENDUM A

RELEASE

IN CONSIDERATION of:

- (1) Amended Settlement Agreement, dated May 6, 2003; and,
- (2) for other good and valuable consideration,

CANADA POST CORPORATION and its affiliates, successors, assigns, directors, officers, employees, servants and agents ("Canada Post") hereby releases and forever discharges CYBERSURF CORP., 3WEB CORP., their respective affiliates, successors, assigns, directors, officers, employees, servants and agents ("Cybersurf") and Cybersurf hereby releases and forever discharges Canada Post, of and from all actions, causes of actions, claims, debts, dues and demands which each ever had or, now has (subject to the exception in clause 6), against each of the others related to:

- (1) the allegations made in the pleadings and proceedings of action no. S022535 in B.C.; action no. 02-6522-CP in Ontario; action no. 500-06-000152-021 in Quebec (collectively referred to as the "Proposed Class Proceedings");
- (2) the "Investigations" as that term is defined in the Amended Settlement Agreement, dated May 6, 2003;
- (3) Agreement No. 7400612 between Canada Post and Cybersurf, may January 1, 2001;
- (4) the manufacture, marketing and sale of CD-ROMs through Canada Post at a retail price of \$9.95, exclusive of applicable taxes, the packaging of which displayed the words "Free Internet for Life";
- (5) any other agreement, understanding or representation made between or among the parties; and,
- (6) except for damages, costs and other expenses related to action no. 500-06-000152-021 in Quebec.

AND FOR THE SAID CONSIDERATION each of Canada Post and Cybersurf agrees and undertakes not to make any claim or take any steps or initiate any proceedings against any individual, partnership, association, trust, unincorporated, corporation or other such entity with respect to any matter that may have arisen between the Canada Post and Cybersurf or in which any claim could arise against Cybersurf for contribution or indemnity or other relief over and in relation to any and all dealings between Canada Post and Cybersurf with respect to the matters described in this Release and Confidentiality Agreement, subject to the exception in clause 6 above.

NOTWITHSTANDING THE FOREGOING, this Release will not apply to any action, cause of action, liability, claim or demand which each of Canada Post and Cybersurf may have

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relating to any breach of the terms of this Release or the terms of the amended settlement agreements, referred to above.

IT IS UNDERSTOOD AND AGREED that the said consideration is deemed to be no admission whatsoever of liability on the part of any of the parties.

THE PARTIES HEREBY DECLARE that they have had the opportunity to seek independent legal advice with respect to this Release and that they fully understand the terms of this Release and Confidentiality Agreement.

THIS RELEASE will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

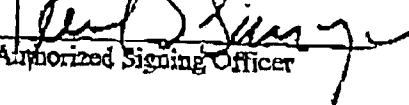
THIS RELEASE will enure to the benefit of and be binding upon the heirs, executors, administrators, legal personal representatives, successors and assigns of each of the undersigned, respectively.

IN WITNESS WHEREOF each of the parties have signed or have caused this Release to be signed by its duly authorized officer and caused it to be sealed as of this day of May, 2003.


SIGNED, SEALED AND DELIVERED
in the presence of:


Witness

CANADA POST CORPORATION

By 
Authorized Signing Officer

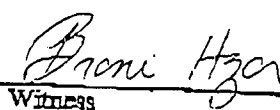
SIGNED, SEALED AND DELIVERED
in the presence of:


Witness

CYBERSURF CORP.

By 
Authorized Signing Officer

SIGNED, SEALED AND DELIVERED
in the presence of:


Witness

3WEB CORP.

By 
Authorized Signing Officer

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