



British Columbia Securities Commission

Agreed Statement of Facts

L.O.M. Medical International, Inc.

Securities Act, RSBC 1996, c. 418

¶ 1 L.O.M. Medical International, Inc. (L.O.M.) acknowledges the following facts as correct:

1. L.O.M. was incorporated in the State of Delaware on March 17, 1997 and has its head office in Kelowna, British Columbia. L.O.M. is not a reporting issuer under the *Securities Act*, RSBC 1996, c. 418.
2. Since its incorporation, L.O.M. has financed its activities by raising equity in the amount of almost US\$4 million from approximately 750 shareholders.
3. During the period from October 31, 1996 through to March 3, 2003 (the Relevant Period), L.O.M. distributed to 352 British Columbia residents (the Investors) approximately 1,171,784 of its common shares (the L.O.M. Securities) with prices ranging from approximately US\$1.00 to US\$3.25.
4. The amount that L.O.M. raised from the Investors through the distribution of the L.O.M. Securities was approximately US\$1,396,612 plus CDN\$279,245.
5. L.O.M. has never been registered in any capacity under the Act.
6. L.O.M. did not file a prospectus under the Act nor was L.O.M. able to rely upon the statutory exemptions from the registration and prospectus requirements of the Act to distribute the L.O.M. Securities in British Columbia.
7. During the Relevant Period, John Klippenstein (Klippenstein) was the president, director, controlling shareholder and controlling mind of L.O.M.



8. As of January 1, 2004, Klippenstein has ceased to be the president of L.O.M. As of March 5, 2004, Klippenstein has ceased to be a director and officer of L.O.M. Pursuant to a letter of intent dated March 5, 2004 and attached as Schedule A, between Klippenstein and a new proposed investor, Klippenstein has agreed to have his and his family's shares placed in a voting trust arrangement which will result in Klippenstein cooperating with a new independent board of directors.

Rescission Offer

9. On August 10, 2001, L.O.M. delivered to the Investors a notice providing them with a right to rescind their purchase of the L.O.M. Securities and to receive a full refund of the amount originally paid to L.O.M. (the Rescission Offer).
10. 63 Investors accepted the Rescission Offer. As of April 6, 2002, L.O.M. had refunded a total of CDN\$21,563 and US\$27,550 to 30 of the 63 investors that had accepted the Rescission Offer. The amount owing to the remaining 33 investors who accepted the Rescission Offer is CDN\$74,264 and US\$105,800.
11. Since making the Rescission Offer, 261,744 additional shares have been issued by L.O.M. to 61 shareholders. Of the 61 shareholders there are possibly 7 who were not aware of the Rescission Offer. Those 7 shareholders acquired 9,538 shares of L.O.M. for cash consideration of US\$29,944. Of those 7 shareholders only 2 were residents of British Columbia and they acquired 493 shares and paid US\$1,602.

Breaches of the Act

- ¶ 2 During the Relevant Period, L.O.M. distributed the L.O.M. Securities in British Columbia without being registered, without filing a prospectus and without being able to rely upon any statutory exemptions from the registration and prospectus requirements of the Act, contrary to sections 34(1) and 61(1) of the Act.



Waiver

¶ 3 L.O.M. waives any right it may have, under the Act or otherwise, to a hearing, hearing and review, judicial review or appeal related to, in connection with, or incidental to this agreed statement of facts.

¶ 4 March 12, 2004

L.O.M. Medical International, Inc.

¶ 5

[Signature]
Signing Authority

[Signature]
Witness Signature

WINTON DERRY

Witness Name (please print)

1300-777 DUNDAS ST

VANC BC

Address

LAWYER

Occupation

¶ 6 March 12, 2004

¶ 7

[Signature]
Stephen J. Wilson

¶ 8

Executive Director

LE MONDE HOLDINGS LTD.

SCHEDULE A

March 4, 2004

L.O.M. Medical International Inc.
1482 Springfield Road
Kelowna, BC, Canada
V1Y 5V3

Attention: Mr. Anthony Hawkshaw

Mr. John Klippenstein
1482 Springfield Road
Kelowna, BC, Canada
V1Y 5V3

Dear Sirs:

I write to confirm our discussions and understandings regarding your requirement to raise funds to complete a rescission offer made by the L.O.M. Medical International Inc. ("LOMM") to British Columbia shareholders in 2001.

1. We understand the amount required is US\$156,000 (the "Funds"), which Funds are required to rescind 48,000 fully paid and non-assessable common shares of LOMM at a price of US\$3.25.
2. Subject to the terms hereof, Le Monde Holdings Ltd. ("Le Monde") will make the Funds available to LOMM by way of Secured Convertible Debenture (the "Debenture") as hereinafter provided. The Funds, as advanced by Le Monde from time to time, will be used by LOMM only to purchase the shares of those shareholders of LOMM which have expressed a desire to avail themselves of the rescission offer and which subsequently tender these shares together with a release against payment from the Funds. Le Monde will advance to LOMM from time to time under the Debenture such portion of the Funds as are necessary to allow LOMM to complete rescission transactions with those shareholders which tender their shares as and when such shares are tendered.
3. The Debenture will be in form and substance satisfactory to Le Monde, will bear interest at RBC Prime Rate plus 2%, will be secured against the assets of LOMM and will provide Le Monde, subject to anti-dilution adjustments, with the right to convert the outstanding amount thereunder in whole or in part from time to time for a period of two (2) years into previously unissued free trading common shares and warrants without restriction in the capital of LOMM at the conversion rate of US \$3.25 for one common share and one warrant, with each warrant entitling Le Monde to purchase one additional common share for the price of US\$3.25. The warrants will be exercisable up to and including that date which is 60 days after the date which LOMM becomes listed for trading.
4. As an inducement to make the Funds available, LOMM shall immediately issue 24,000 fully paid and non-assessable free trading common shares to Le Monde.

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5. As a further inducement LOMM shall grant Le Monde the right of first refusal to participate in any financing which occurs at an effective price of less than US\$3.25 per share undertaken by LOMM, if any, up to a maximum purchase of 100,000 shares.
6. LOMM acknowledges that it is currently engaged in a hearing with the British Columbia Securities Commission (the "Commission") with respect to alleged violations of the British Columbia Securities Act (the "Securities Act"). LOMM understands that the Funds will only be made available if an agreement to resolve all outstanding complaints raised against LOMM in the hearing can be reached with the Commission. To this end LOMM shall be required to reach a settlement with the Commission. As you are aware, Robert Pirooz, the undersigned principal of Le Monde, has had discussions with the Commission and expects that at a minimum the following will be required by the Commission:
 - a) the resignation of Mr. Klippenstein and all of his family members from the board of directors of LOMM;
 - b) the resignation of Mr. Klippenstein as an officer of LOMM and his undertaking not to play any role in the management or investor relations of LOMM;
 - c) LOMM will admit to certain violations of the Securities Act and issue a press release with respect to the same, the details of this release will be agreed between LOMM and Le Monde; and
 - d) a new independent board of directors which is not controlled by Mr. Klippenstein, directly or indirectly, will be necessary.

In consideration of Le Monde agreeing to advance Funds as contemplated by Section 2 hereof, LOMM and, where applicable, Mr. John Klippenstein each agree that:

- a) they will use their best efforts to reach a settlement with the Commission on the basis set out above;
- b) they will take all steps required to comply with all applicable laws including, without limitation, the Securities Act;
- c) LOMM shall take the necessary steps to become a reporting issuer in good standing in British Columbia;
- d) as soon as is commercially reasonable, LOMM will take such steps as necessary to list the shares of LOMM for trading on a North American stock exchange;
- e) the board of directors of LOMM (the "Board") shall be comprised of five members made up of Anthony Hawkshaw, Robert Pirooz, one additional appointee of Le Monde, and two other independent directors chosen by the foregoing three directors in consultation;
- f) Anthony Hawkshaw will be CEO of LOMM;
- g) John Klippenstein and his family members will put their shares and any shares that John Klippenstein or his family control, directly or indirectly (collectively, the "Trust Shares"), into a voting trust which shall be in form and substance satisfactory to Le

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Monde's solicitors. The voting trust agreement will provide, among other things, that the Trust Shares will be voted:

- i) so that the Board shall continue to be comprised of the five members set out in paragraph (e) above;
- ii) in favour of any resolutions put forward by the Board;
- iii) against any resolution not supported by the Board; and
- iv) against any resolution or other proposal requisitioning any extraordinary shareholders meeting, except as may be approved by the Board;
- h) they will use their best efforts to ensure that the business of LOMM is carried on in a way which is consistent with the spirit and intention of this letter; and
- i) they will provide to Le Monde and its solicitors such representations, warranties, opinions, officers certificates and agreements as may be required by Le Monde's solicitors in connection with the transactions contemplated by this letter.

The agreement of Le Monde to provide the Funds is subject to the following conditions precedent:


- a) that the transactions contemplated by this letter are sanctioned and approved by the Commission; and
- b) that Le Monde is satisfied with its due diligence review regarding LOMM, which it shall begin upon execution hereof and shall complete on or before March 30, 2004. This due diligence review shall include, without limitation, such due diligence as Le Monde deems necessary to satisfy itself as to the corporate and financial status of LOMM and as to the status of the assets of LOMM (including, without limitation, patents respecting the products of LOMM) and LOMM agrees to provide Le Monde with unfettered access to all such information and records. Le Monde may decline to advance the Funds or have Robert Pirooz serve on the Board of LOMM if it determines such due diligence evidences an unacceptable risk to Le Monde.

Please confirm your agreement with the foregoing by executing where provided below.

Should you have any questions regarding the foregoing, please do not hesitate to contact the writer.

Yours truly,

LE MONDE HOLDINGS LTD.


Robert P. Pirooz, President

Agreed to this 5th day of March, 2004.

L.O.M. MEDICAL INTERNATIONAL INC.

Per: 
Anthony Hawkshaw, President


Mr. John Klippenstein