

**LETTER OF INTENT**  
**[ON COMPANY LETTERHEAD]**

May 20, 2009

**[Seller]**  
**[Seller Address]**

Dear Sirs:

**Re:** *Purchase of Shares of* \_\_\_\_\_ *(the "Business")*

Please accept this letter as a sincere expression of our intent to negotiate in good faith for the purchase of all of the shares and securities of the Business upon the following terms:

**1. Binding Nature**

This letter is not intended to be and will not create any legally binding obligation on anyone, except as specifically set out in Part B below. This entire transaction is subject to the negotiation and execution of a legal agreement of purchase and sale as reasonably required by our legal counsel (the "Definitive Agreement"), to be negotiated following execution of this Letter of Intent and executed on closing.

**Part A - Business Terms**

As set out under Section 1 above, the provisions of this Part A shall not be legally binding upon the parties, and are a good faith expression of intent only.

**2. Purchased Assets**

The Buyer will be \_\_\_\_\_

The Purchased Assets will be all the shares and securities of the Business, and all shareholder loans or monies owing to shareholder related parties. By acquiring these shares and securities, the Buyer will acquire all the assets and year to date profits of the Business (as at \_\_\_\_\_ interim Financial Statements attached) , and will assume all liabilities of the Business. Buyer further agrees to ensure that any personal bank covenants relating to the business that the current Shareholders may have are removed.

**3. Liabilities Assumed**

All shareholder loans and monies owing to shareholder related parties will be included in the purchase price, and all other liabilities of the Business will be assumed.

**4. Purchase Price and Terms**

The Purchase Price will be determined, allocated and paid as follows (subject to due diligence):

Purchase Price: \$ \_\_\_\_\_ CDN

Payment Terms:

**5. Collateral Agreements**

- (a) Sellers will enter into a non-competition agreement.
- (b) Sellers will agree that they will not solicit or attempt to solicit or accept business from any customers of the Business anywhere in Canada for a period of 12 months after Closing for and with respect to products or services competitive with those of the Business.
- (c) Sellers will agree that they will not to solicit or attempt to solicit any employees, contractors, suppliers, agents, distributors, dealers of the Business anywhere in Canada for a period of 12 months after Closing, nor cause or attempt to cause any such persons to sever their relationships with the Business.
- (d) \_\_\_\_\_ will enter into a post-closing consulting agreement with Buyer for a minimum term of \_\_\_\_\_ months after closing, and upon the following additional terms and conditions:
- (e) Buyer will assume the existing lease on the premises at \_\_\_\_\_.
- (f) **Broker's Fees.** No brokers or finders have been employed who would be entitled to a fee by reason of the transaction contemplated by this letter of intent except for the obligation owed by Seller to NAI Commercial.
- (g) **Deposit:** A \$ \_\_\_\_\_ by way of a deposit to be paid to "NAI Commercial, in trust" within 48 hours of execution of this Agreement, to be held in an interest bearing trust account with interest to accrue for the benefit of the Purchaser to be paid out in accordance with the terms hereof; and a further \$ \_\_\_\_\_ deposit to be paid upon execution of the Definitive Agreement.

**6. Business Conditions**

The Definitive Agreement will be executed on a date as agreed upon by the Buyer and Seller and will be conditional only upon the Buyer receiving the Financial Statements of the Business. The Financial Statements of the Business will be deemed to be acceptable by the Buyer unless there is a material difference from the existing Financial Statements that has not been previously disclosed to the Buyer.

In addition, prior to executing the Definitive agreement, the Buyer will have to:

- (a) complete the usual due diligence, including appraisals of all fixed assets and equipment, and assessment of accounts receivable, accounts payable and inventory;
- (b) be satisfied all key employees will stay on after Closing on reasonable terms;
- (c) negotiate the terms of the collateral agreements referred to above; and
- (d) Engagement of Auditing firm for 3 years audited financial statements of \_\_\_\_\_. Buyer agrees to engage the Accounting firm to complete the Audit and further agrees to pay the cost of the Audit.

**7. Proposed Timetable**

Negotiation and execution of this Letter of Intent .....	December 1, 2005
Effective Date of this transaction.....	December 30, 2005
Delivery of Buyer’s Due Diligence List and commencement of due diligence .....	December 5, 2005
Presentation of first draft of Definitive Agreement (prepared by Buyer).....	December 15, 2005
Closing .....	5 business days after delivery to Buyer of Audited Financial Statements

**Part B – Legally Binding Issues**

As set out in Section 1 above, the provisions of this Part B shall be legally binding upon the parties immediately upon their joint execution of this Letter of Intent.

**1. Lockup**

The Seller company and its shareholders, officers and directors agree that, until such time as this transaction has been completed or these discussions are terminated as set out below, they will not entertain, solicit or enter into any other offers, agreements or negotiations for or with respect to the sale or the granting of rights or options of purchase for the shares of the Business or for a sale in bulk of the Business’ assets unless such agreement is secondary to this one.

**2. Disclosure**

Until such time as this transaction has been completed or these discussions are terminated as set out below, the company and its shareholders, officer and directors will:

- (a) make a full, fair and complete disclosure to the Buyer of all matters, records and agreements related to the Business, including but not limited to financial statements, banking records, income and expense information, balance sheet information, cash flow information, cash flow projections, lease agreements, fixed asset information, leasehold improvement information, employee and supplier information, and all other principal and relevant documents, records and information as we may reasonably request; and
- (b) permit the Buyer to inspect, appraise and have reasonable access to the Business assets and premises;

in order to permit the Buyer to complete its investigation of the Business and arrange third party consents and financing as may be required for the Buyer to draft and negotiate the Definitive Agreement and complete this transaction.

**3. Termination**

Either one of us may terminate the above-mentioned disclosure arrangements and these discussions at any time upon 10 days prior written notice to the other party.

#### **4. Public Announcements**

Neither Buyer nor Seller will make any announcement of the proposed transaction contemplated by this Letter of Intent prior to the execution of the Purchase Agreement without the prior written approval of the other, which approval will not be unreasonably withheld or delayed. The foregoing shall not restrict in any respect either parties' ability to communicate information concerning this Letter of Intent and the transactions contemplated hereby to the parties' respective affiliates', officers, directors, employees and professional advisers, and, to the extent relevant, to third parties whose consent is required in connection with the transaction contemplated by this Letter of Intent.

#### **5. Confidentiality**

We also confirm and agree that all future negotiations and disclosures will be subject to the following confidentiality provisions:

- (a) In the course of our discussions we will each have access to and will be entrusted with detailed confidential information relating to the other;
- (b) The right to maintain the confidentiality of this information constitutes a proprietary right which the other party is entitled to protect and which shall be respected and honoured;
- (c) Neither party will at any time disclose any confidential information or use same for any purpose which would give it or any competitor or other interested party an advantage over its counterpart in these discussions;
- (d) At the end of these discussions, and subject to any other agreement reached, all copies of any documentation or records referring to or containing confidential information belonging to the other party shall be returned or destroyed, to be confirmed by a statutory declaration if so requested; and
- (e) The entering into of this Letter of Intent, and the potential completion of this transaction, will be kept strictly confidential and will not be disclosed to customers, suppliers, employees or other persons without the consent of both parties, such consent not to be unreasonably delayed or withheld; this provision shall not apply to disclosure to professional advisors, potential financiers, or appraisers, provided they agree to maintain the same level of confidentiality required by the parties.

#### **6. Fees**

Each party will pay their own professional fees and other expenses related to this Letter of Intent, the Definitive Agreement, and the transactions contemplated by this document, unless otherwise expressly set out in this Letter of Intent in writing.

This letter shall be governed by the substantive laws of the Province of British Columbia without regard to conflict of law principles. This letter constitutes the entire understanding and agreement between the parties hereto and their affiliates with respect to its subject matter and supersedes all prior or contemporaneous agreements, representations, warranties and understandings of such parties (whether oral or written). No promise, inducement, representation or agreement, other than as expressly set forth herein, has been made to or by the parties hereto. This letter may be amended only by written agreement, signed by the parties to be bound by the amendment. Evidence shall be inadmissible to show agreement by and between such parties to any term or condition contrary to or in addition to the terms

and conditions contained in this letter. This letter shall be construed according to its fair meaning and not strictly for or against either party.

**Counterpart Execution** This Agreement may be signed by fax and in counterpart, and each copy so signed shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

**Confirmation of Intent**

If you are interested in proceeding to final negotiations, please execute one copy of this letter where indicated and return it to us. If you are not interested in proceeding to final negotiations, please inform us in writing within 3 business days.

We look forward to hearing from you, and sincerely hope that we will be able to negotiate and complete a mutually satisfying and rewarding transaction.

Yours very truly,

[Buyer]  
[Buyer Address]

By: \_\_\_\_\_

The undersigned hereby confirms their intent to provide disclosure and negotiate toward a Definitive Agreement upon the terms set out above.

DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

**Seller**

By: \_\_\_\_\_