

**LETTER OF INTENT
(Purchase of Part of the Shares of a Company)**

-Strictly Personal and Confidential-

TO:
.....
.....
(the "Purchaser")

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FROM:
.....
.....
(the "Vendor")

(the Purchaser and the Vendor are hereinafter collectively referred to as the "Parties")

RE: Purchase of part of the issued and outstanding shares of the company
....., incorporated under the Act and having its head office at
..... (the "Company")

PREAMBLE

The purpose of this letter of intent ("this Letter") is as follows:

- a) to summarize the basic elements of the final agreement which will evidence the proposed transaction (the "Final Agreement");
- b) to set forth, generally, the rights and obligations of the Parties;
- c) to provide a framework for the steps preceding and relating to the closing of the proposed transaction (the "Closing"); and
- d) to specify the nature and content of the documents to be signed before or at the Closing, such as the Final Agreement, the ancillary agreements and the other documents related to the proposed transaction (the "Closing Documents").

PART I: PROVISIONS RELATING TO THE PROPOSED TRANSACTION

O2 1.00 PURPOSE

Subject to any other applicable provision of this Letter, the Purchaser intends to purchase from the Vendor (.....) class "....." shares (the "Shares") representing only part - percent (.....%) - of the issued and outstanding shares of the share capital of the Company.

2.00 CONSIDERATION

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2.01 Purchase Price

As consideration for the proposed purchase, the Purchaser intends to pay the Vendor an amount of dollars (\$.....) (the "Purchase Price").

OR

As consideration for the proposed purchase, the Purchaser intends to pay the Vendor an amount representing (.....) times the adjusted annual revenues of the Company for the fiscal year ending on (the "Purchase Price").

OR

As consideration for the proposed purchase, the Purchaser intends to pay the Vendor an amount representing (.....) times the adjusted annual earnings of the Company for the fiscal year ending on (the "Purchase price").

2.02 Determination of the Purchase Price

The Purchase Price was determined by the Purchaser based upon the following elements provided by the Vendor:

- a) the unaudited financial statements of the Company (**OR:** of the Company and its subsidiaries, on a consolidated basis) for the fiscal year ended on, (OR: for the fiscal years ended on, and, respectively);
- b) the audited financial statements of the Company (**OR:** of the Company and its subsidiaries, on a consolidated basis) for the fiscal year ended on (OR: for the fiscal years ended on, and, respectively);
- c) the interim financial statements of the Company (**OR:** of the Company and its subsidiaries, on a consolidated basis) as at
- d) the budgetary estimates of the Company (**OR:** of the Company and its subsidiaries, on a consolidated basis) for the next (.....) years;
- e) various verbal information and representations;
- f) various documents and other information in tangible form, including, without limitation, the following:

2.03 Allocation of the Purchase Price

If necessary, the Purchaser may allocate the Purchase Price in accordance with the recommendations of its accountants, provided this allocation is reasonable and does not give rise to any adverse tax consequences for the Vendor. Without limitation, any of the following may give rise to an allocation of the Purchase Price:

- a) the consideration relating specifically to the Vendor's non-compete undertaking;
- b)

04

2.04 Terms and Conditions of Payment

The Purchase Price shall be paid as follows:

- a) **Initial Deposit**
Within (.....) days after the Vendor's acceptance of this Letter, the Purchaser shall deposit an amount of dollars (\$.....) in trust with the firm of, legal advisors, which amount shall constitute the initial deposit on the Purchase Price. The aforementioned firm shall send the Vendor written confirmation of this deposit within (.....) days after the said amount has been deposited. At the Closing, the said amount shall be paid to the Vendor.
- b) **Cash**
At the Closing, the Purchaser shall pay an amount of dollars (\$.....), by certified cheque payable to the order of the Vendor.
- c) **Balance of Sale**

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