

ASSET PURCHASE AGREEMENT

(S. 22 AND 97(2) INCOME TAX ACT)

THIS AGREEMENT made effective as of the ____ day of _____, _____.

BETWEEN:

[NAME OF PURCHASER]

[address]

(the "Purchaser")

- and -

[NAME OF VENDOR]

[address]

(the "Vendor")

ARTICLE I - DEFINITIONS

1.01 In this Agreement, including the recitals, the following terms shall have the following meanings:

- (a) "Assumed Liabilities" shall mean certain liabilities of the Vendor described in Schedule "B";
- (b) "Closing" and "Closing Date" shall mean *[insert date of closing]*, or such other date as the parties hereto may agree;
- (c) "Effective Date" shall mean *[insert effective date of transaction]*; and
- (d) "Purchased Assets" shall mean the business assets of the Vendor described in Schedule "A".

ARTICLE II - AGREEMENT TO PURCHASE AND SELL

2.01 The Vendor hereby agrees to and with the Purchaser to sell, transfer and assign the Purchased Assets to the Purchaser for the Purchase Price hereinafter set out.

ARTICLE III - PURCHASE PRICE

3.01 The Purchase Price for the Purchased Assets shall be equal to the fair market value of the Purchased Assets as determined by the accountants for the parties (the "FMV" and "Purchase Price", respectively), payable as follows:

- (a) assumption of the Assumed Liabilities by the Purchaser;
- (b) the balance of the Purchase Price to be paid by granting the Vendor a promissory note for the balance of the Purchase Price in accordance with the form thereof set out as Schedule "C".

3.02 The parties agree that a preliminary estimate of the value of the Purchased Assets and the Assumed Liabilities is set out in Schedule "A". The parties further agree that a final assessment of value of the Purchased Assets and the Assumed Liabilities shall be made by their accountants as soon as possible following Closing, and that such final determination shall be final and binding upon the parties except as set out in paragraph 5.01 below.

ARTICLE IV - AGREEMENT TO FILE ELECTIONS

4.01 It is the intention of the parties that this transaction is taking place in contemplation that sections 22 and 97(2) of the *Income Tax Act (Canada)* will apply. Therefore, the parties hereto covenant and agree that, notwithstanding the foregoing, for income and corporation tax purposes: