

## GALT'S GULCH CHILE – HEADS OF AGREEMENT

BETWEEN: [Galt's Gulch Ltd as Trustee of The Galt's Gulch Trading Trust] hereinafter the "Manager"

AND [THE NAME OF THE PERSON OR ENTITY INVESTING] the "Founder".

**WHEREAS:** The Manager is founder and promoter of a unique lifestyle project titled Galt's Gulch as generally described in the Galt's Gulch project description (annexed as annexure "A", hereinafter called the "Project") and the Founder wishes to invest in the Project and obtain a Founder's Share, or Shares, including Founder's rights in the Project. The Parties have hereinafter agreed as follows.

### TERMS

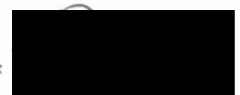
1. The Manager, via its representatives and agents in Chile, have entered into a sale and purchase agreement of a large tract of land, which is ideal for the Galt's Gulch community and project (hereinafter the "Property"). The legal description of such parcel is as follows:

Lot number two hundred sixty-four at the end of the Casablanca Property Registry of Real Estate for the year 1987, by which Hijueta Number 4, called El Durazno, pertaining to the Hacienda Caren Division, located in the Curacavi commune, Melipilla Province, Metropolitan Region, with the following boundaries:

On the **North**, with or Hijueta or plot El Roble number five; on the **South**, with lot number two, on the **East** with Hacienda Chicauma, and on the **West**, with part of lot number two. He acquired the said property, with an area of 1714 point three hectares, from Marciana de las Mercedes Gajardo Basaez by means of a purchase agreement entered into through a public deed dated October twenty-seven, nineteen eighty-nine, issued in the Notary of Santiago belonging to Don Miguel Figueroa Garay. The respective domain title is registered on page two thousand one hundred thirty-five and on the reverse side: number three thousand three hundred fifty-six, of the Property Registry of Real Estate of Casablanca for the year nineteen eighty-nine.

Upon the completion of the sale and purchase of this parcel of land, there is an agreement in principal to purchase the remaining parcels of land that will comprise the Project.

2. The Property will be owned by a Chilean Holding Company, limited by shares (hereinafter the "Company").
3. The Project will be operated and managed locally by a separate Chilean management corporation, limited by shares (hereinafter the "Project Corporation"), under contract with the Manager. Such contract shall be cancellable on short notice by the Manager. The Project Corporation shall have no rights to the Property or the Project. Upon cancelation of the contract, any and all assets of the Project Corporation will be transferred, as directed by the Manager.



4. The Manager, after taking legal and tax advice in terms of the most efficient and safe manner to structure the profits and income of the project, will establish a New Zealand limited partnership (Galt's Gulch Ltd.) which will own 100% of the shares of the Company, which will hold title to the land. The Manager will oversee funds of the Project Corporation for operations pursuant to this paragraph.
5. The net profits of the Project will be channeled from the Project Corporation back through the Manager and then subsequently distributed amongst the Founders in accordance with their share thereof.

#### **FOUNDERS SHARE PRICE AND RIGHTS**

6. In consideration for the Founder providing part of the seed capital to acquire land parcels, carry out engineering, complete site improvements, ready the land for sale to purchasers and any/all other necessary steps involved with the development of the Project, the Founder will be given unique rights, in perpetuity, in relation to the project and the land.
7. The Founder shall purchase the bundle of rights for \$250,000 (USD) per Founder's Share. This bundle of rights (hereinafter described as the "Founder's Share") shall include the following:
  - (a) Inalienable and perpetual right, title and interest to a residential single-family building lot, of 10 acres in size (+/- 1 acre), on the land of the Project, and will have, along with the other Founders, a choice of the best lots in the Project to choose from, which will be marked out on the title after survey. Such Founders lots will be located in a private and gated community within the Project. Choice of lot will be determined upon the order of investment (in other words, first come first served). The value of such lot titled to each Founder shall be valued at \$200,000. In the event that a Founder elects to purchase more than one (1) Founder's Share, such Founder may elect to acquire a larger residential single-family building lot of approximately 20 acres.
  - (b) The Founder shall become a partner of the New Zealand limited partnership and will, pursuant to the partnership agreement (to be completed by the Manager's legal counsel and approved by the Founder), be entitled to 1% voting share in the New Zealand limited partnership and an equivalent of 1% share in the profits, per Founders Share acquired (income distributed as dividends or otherwise), which includes the income streams from residential lot sales, golf membership sales, electricity sales, water sales, organic food sales, fish sales and any/all other revenue streams created directly from the development and operation of the Project.
8. There will be up to ten (10) Founder's Shares available at the price of \$250,000 (USD), which is the purchase price of the land plus closing and legal costs and incidentals. There will be up to fifteen (15) additional Founder's Shares sold in an addition to the original offering of Founder's Share, for a total of up to twenty-five (25) Founder's Shares. The additional fifteen (15) Founder's Shares are to be sold at a higher price than the initial round of Founder's Shares. Such price is currently projected to be \$500,000 (USD) and shall include the same size lot and equity ownership as are afforded to the initial round of Founders who purchased shares at \$250,000.

The Manager reserves the right to modify such terms and conditions as needed for the betterment of the Project.

9. The Founder will pay their funds into the trust account of a New Zealand law firm (Gregg Stewart and Associates), which shall hold them in escrow under the instruction of the Manager for the development of the Project (Outlined in Section 5 above.) The funds shall be paid on presentation of an invoice from the Manager, indicating the account details of the escrow holder.
10. The funds will be released upon the following:
  - (a) A contract of sale and purchase for the land parcel.
  - (b) The Manager is fully authorized to release any portion of the funds to complete the purchase of any of the land parcels incorporated into the Project and to develop the Project.

## **SECURITIES**

11. Both parties recognize and agree that the Founders are private professional investors and have not been approached or solicited as "members of the public" and agree that this project does not fall within the various provisions of Chilean securities law, nor New Zealand securities legislation, or regulations, including specifically, the issue of prospectus.
12. The parties agree that apart from the matters attached in the information memorandum annexed as annexure "A", which the manager warrants as accurate at the time of signature, the Founders have not relied upon any other verbal or written representations, promises or warranties, other than those contained herein.

## **GOVERNING LAW**

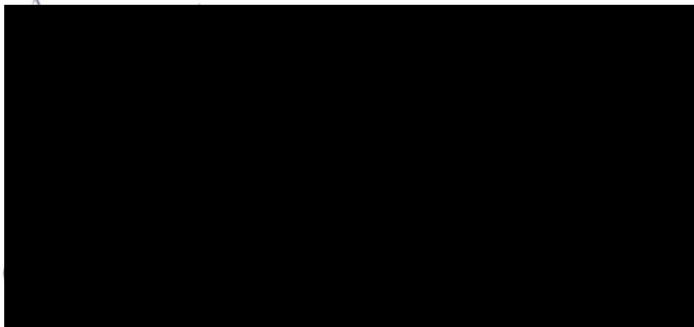
13. This agreement is intended to be legally binding and will be replaced by a comprehensive Partnership deed.
14. This agreement is to be construed in accordance with English Law and any and all disputes concerning this agreement will be decided by arbitration in London in accordance with the LCIA (London Court of International Arbitration) rules.



**SIGNED** by Ken Johnson on behalf of Galt's  
Gulch Trustees Limited in the presence of:

  
\_\_\_\_\_  
*Ken Johnson*

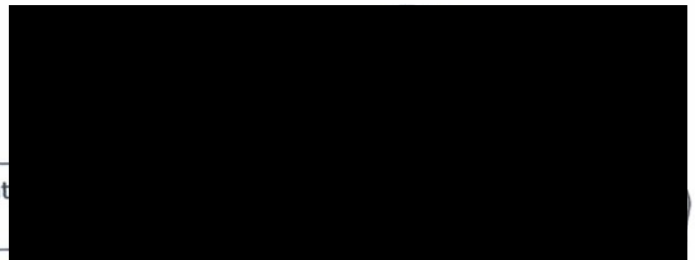
**Witness:**



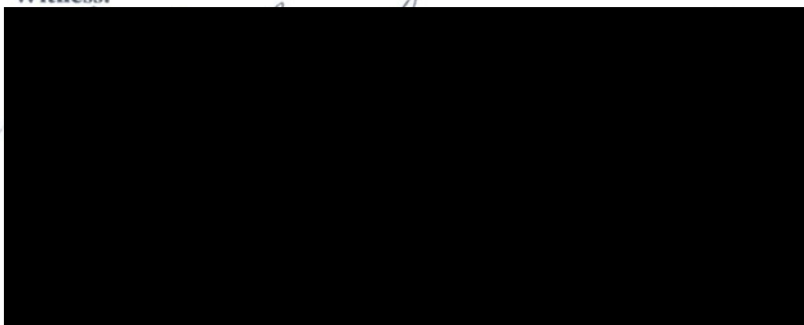
**SIGNED** by \_\_\_\_\_  
in the presence of:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Full Name



**Witness:**



Address of witness

