C O P Y

Mr. W. H. Wilson, Jr.
Asbestos Covering Company Ltd.
108 Gallery Square
Montreal 3, Quebec, Canada

Dear Mr. Wilson:

This letter will confirm proposed agreement for the acquisition of the equipment to manufacture and rights to distribute, the SprayCraft product in Canada by Asbestos Covering Company Ltd. as discussed by Mr. Burns, Mr. Wilson, and Mr. Mitchell on June 26, 1967.

Victor of Canada Ldt. will cease to manufacture their SprayCraft product and sell to Asbestos Covering Ltd. their entire facilities for the manufacture, including special racks and stock moving equipment, etc., for the sum of $45,000.00.

The expense of removing said equipment from Victor, Canada, plant, and shipping to Asbestos Covering Company will be borne by Asbestos Covering. All current raw material inventory to be acquired by Asbestos Covering from Victor of Danada at cost.

Asbestps Covering Company Ltd. will also acquire a license agreement with Smith & Kanzler Company covering manufacturing distribution rights, engineering assitance ,etc with royalty payable to Smith & Kanzler Company from the first ton at the rate of $15.00 per ton. This is slightly different from what we discussed but is probably an improvement for Asbestos Covering and Smith & Kanzler, and should therefore, be acceptable.

Victor of Canada will agree upon a termination date with Asbestos Covering (September 1, 1967) and will produce prior to this date only upon acceptance of entire agreement by Asbestos Covering, a suggested inventory of 160 tons of finished product to cover the normal requirements during transition period. Asbestos Covering will agree to purchase this inventory at the regular price of $170.00 per ton.

It will be the responsibility of Smith & Kanzler to provide the required engineering assistance to enable Asbestos Covering to move these facilities and manufacture an acceptable product.

Yours very truly,

VPD-158-0000736

G. B. Mitchell

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