

STRICTLY PRIVATE AND CONFIDENTIAL

April __, 2012

**Alvarez & Marsal Canada Inc. (as Receiver
and Manager of Pakit Inc.)**

Attention: Pam Boparai
400 Burrard Street
Suite 1680, Commerce Place
Vancouver, British Columbia
V6C 3A6

Dear Sirs/Mesdames:

Re: Proposed Purchase of the Assets of Pakit Inc.

This non-binding letter of intent (the “**Letter of Intent**”) is between _____ (the “**Potential Purchaser**” or “**Phase 1 Bidder**”) and Alvarez & Marsal Canada Inc. as Receiver and Manager of Pakit Inc. (the “**Vendor**” and “**Receiver**”). The Potential Purchaser understands that the Vendor has the authority to offer its right, title and interest in all of the outstanding shares (the “**Shares**”) of Pakit International Trading Company Inc. (“**Pakit International**”) and other assets of Pakit Inc. The provisions of this Letter of Intent will confirm the present interest of the parties with respect to the Potential Purchaser’s proposed purchase from the Vendor of all of the Shares and intercompany debt due from Pakit International, including other assets described on Schedule A, collectively referred to as the “**Assets**” (the “**Proposed Transaction**”).

The purpose of this Letter of Intent is to describe in broad terms the basis upon which the Vendor and the Potential Purchaser propose to complete the Proposed Transaction by setting forth certain non-binding understandings, being the provisions of Part I (collectively, the “**Non-Binding Provisions**”) between the Vendor and the Potential Purchaser.

All Potential Purchasers are required to provide information listed in Schedule B and consistent with section 6.0 of the “Bidding Procedures” outlined on the Receiver’s website www.alvarezandmarsal.com/pakit. A Phase 1 Bidder who is qualified to participate in the Phase 2 Bidding Procedures, will be determined based on the Receiver’s satisfaction of meeting the Bidding Procedure requirements.

PART I – NON-BINDING PROVISIONS

The Non-Binding Provisions of this Letter of Intent are intended only to outline the principal terms and conditions upon which the parties will attempt to negotiate the Proposed Transaction and do not create or constitute any legally binding obligations between the parties, nor impose any liability on any party to another except as otherwise expressly provided herein.

1. **Definitive Agreement**

The precise terms of the agreements between the parties relating to the Proposed Transaction will be contained in a definitive asset purchase agreement, the form of which will be made available by the Receiver on its website www.alvarezandmarsal.com/pakit on or before April 12, 2012 (the “**APA**”). The form of APA will be at the Receiver’s discretion and may not conform to the indicative terms and conditions set out in this Letter of Intent.

2. **Acquisition of Assets**

The Potential Purchaser or its nominee acceptable to the Vendor will purchase from the Vendor all of the Assets, including the Shares.

3. **Purchase Price**

The total purchase price for the Assets (the “**Purchase Price**”) will be CAD\$_____, subject to any revisions or adjustments pursuant to the terms of the final APA. The Assets will be purchased on an “as is-where is basis” subject to a vesting order of the Court granting the Potential Purchaser clear title to the purchased Assets.

4. **Refundable Deposits and Payment of Purchase Price**

The Potential Purchaser encloses a certified cheque or bank draft issued to the Receiver (payable to Alvarez & Marsal Canada Inc., Receiver Manager of Pakit Inc.) for CAD\$250,000 (the “**Initial Deposit**”). The Initial Deposit is refundable until such time as an APA executed by the Potential Purchaser is provided to the Receiver at which time the Initial Deposit will become non-refundable and paid to the Vendor subject to the terms of a final APA. Alternatively, if the Proposed Transaction does not conclude in a final APA or the Potential Purchaser requests in writing to refund the Initial Deposit and withdraw from the bidding process, then it is understood that the Receiver will refund the deposit within 2 business days to the Potential Purchaser.

5. **Due Diligence**

The Proposed Transaction is subject to further due diligence from the date herein to May 11, 2012 and an APA which is required to be received by the Receiver by May 11, 2012 10:00 am PST (the “**Phase 2 Deadline**”).

6. **Definitive Agreement**

During the period of due diligence review, the Potential Purchaser shall submit in good faith an APA based on the form of agreement available on or before April 12, 2012 on the Receiver’s website as set out above.

7. **Disclosure/Public Announcements**

Neither the Vendor nor the Potential Purchaser will make any public announcement concerning the Proposed Transaction or related negotiations without the other parties’ prior written approval, except as may be required by law or in the discharge by the Receiver of its reporting and other duties pursuant to

the Court Order under which it was appointed. Where such an announcement is required by law, the party required to make the announcement will inform the other party of the contents of the announcement proposed to be made and will use its reasonable efforts to obtain the other party's approval for the announcement, which approval may not be unreasonably withheld.

8. **Responsibility for Fees and Costs**

The Vendor and the Potential Purchaser shall each be responsible for their own internal costs and legal, accounting and other professional fees incurred in connection herewith, the preparation and execution of the APA, or otherwise relating to the Proposed Transaction.

PART II — NON-SURVIVING BINDING PROVISIONS

9. **Due Diligence**

The Potential Purchaser and its duly authorized representatives shall be entitled to make such investigations of the Assets and the operations and assets of Pakit International and such other matters relating to the Proposed Transaction as the Potential Purchaser deems advisable subject to the Receiver's consent to provide such information.

10. **Termination**

This Letter of Intent may be terminated:

- (a) by mutual written consent of the parties;
- (b) by written notice from either the Vendor or the Potential Purchaser to the other, or if the Potential Purchaser has not submitted to the Vendor by the Phase 2 Deadline the APA; or
- (c) by written notice from the Vendor to the Potential Purchaser, if the parties have not entered into a final APA executed by both parties after the Phase 2 Deadline,

and upon termination of this Letter of Intent, the parties shall have no further obligations under this Letter of Intent, except as explicitly set out herein or with respect to the Confidentiality Agreement entered into by the Potential Purchaser in connection herewith.

PART III - INTERPRETATION

11. **General**

- (a) **Currency.** All dollar amounts referred to herein are expressed in Canadian dollars.
- (b) **Waiver.** No party will be deemed to have waived the exercise of any right that it holds under this Letter of Intent unless such waiver is made in writing. No waiver made with respect to any instance involving the exercise of any such right will be deemed to be a waiver with respect to any other instance involving the exercise of the right or with respect to any other such right.

- (c) **Counterparts.** This Letter of Intent may be executed in counterpart, and all such counterparts taken together shall be deemed to constitute one and the same instrument.
- (d) **Time.** Time is of the essence hereof.
- (e) **Severability.** If any provision of this Letter of Intent or the application of such provision to any party or person or circumstance shall be held illegal, invalid, or unenforceable, the remainder of this Letter of Intent, or the application of such provision to a party or person or circumstance other than those as to which it is held illegal, invalid, or unenforceable shall not be affected thereby. Each provision of this Letter of Intent is intended to be severable, and if any provision is illegal, invalid or unenforceable in any jurisdiction, this will not affect the legality, validity or enforceability of such provision in any other jurisdiction or the validity of the remainder of this Letter of Intent.
- (f) **Governing Law.** This Letter of Intent will be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

To confirm the foregoing, please sign the this Letter of Intent where indicated below and return the same to the Vendor prior to 10:00 a.m. (Pacific Standard Time) on April 12, 2012

Yours very truly,

By: _____

Title:
(Chief Executive Officer or alternative
senior executive, position as indicated
above)

This Letter of Intent reflects accurately the Vendors' and the Potential Purchaser's understanding and agreement with respect to the matters set out above.

Confirmed this ____ day of _____, 2012.

**ALVAREZ & MARSAL CANADA INC. AS
RECEIVER AND MANAGER OF PAKIT
INC. and not in its personal capacity**

By: _____
Name
Title

Schedule A

“Assets”

(Further details as required to be provided in APA and subject to due diligence. All assets are sold on an as-is and where-is basis without representations and warranties)

- Receivables of Pakit Inc., including intercompany receivables (estimated at \$77 million based on unaudited internal financial statements)
- Shares of Pakit International Trading Company Inc.
- Contracts, if any, to be outlined in the APA

Schedule B

- (a) Identification of Phase I Bidder. Identification of the Phase I Bidder and any Principals (as defined below), and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction

- (b) Identification of any contingencies and conditions precedent to closing, if any;

- (c) Corporate Authority. If the Phase I Bidder is an entity specially formed for the purpose of effectuating the contemplated transaction, then the Phase I Bidder must furnish written evidence reasonably acceptable to the Receiver of the approval of the contemplated transaction by the equity holder(s) of such Phase I Bidder and any guarantor(s) of the Bid (the “**Principals**”) as noted below:

- (d) Proof of Financial Ability to Perform. Written evidence upon which the Receiver may request and to reasonably conclude that the Phase I Bidder has the necessary financial ability to close the contemplated transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction.