



This is the 1st Affidavit of
Hoa Ung in this case and was
made on August 24, 2011

No. S-115028
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATION ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF PAKIT INC.

PETITIONER


AFFIDAVIT

I, **Hoa Ung**, of Suite 2600 – 595 Burrard Street, Vancouver, British Columbia, Legal
Administrative Assistant, SWEAR THAT:

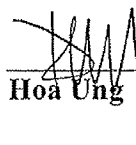
1. I am the legal assistant to Peter Rubin, a Partner of Blake, Cassels & Graydon
LLP, the solicitors for Fairfax Financial Holdings Limited, the Respondent in this proceeding,
and as such I have personal knowledge of the matters deposed to in this Affidavit except where I
depose to a matter based on information from an informant I identify in which case I believe that
both the information from the informant and the resulting statement are true.

2. Attached to this my Affidavit and marked as Exhibit "A" is a true copy of a letter from Alvarez & Marsal Canada Inc. to the creditors of Pakit Inc., dated July 18, 2011.
3. Attached to this my Affidavit and marked as Exhibit "B" is a true copy of a cover letter from Pakit Inc. to its shareholders, dated August 11, 2011.
4. Attached to this my Affidavit and marked as Exhibit "C" is a true copy of a letter sent by Industrias San Cayetano, S.L., to Mr. Yaretz, dated August 19, 2011.
5. Attached to this my Affidavit and marked as Exhibit "D" is a true copy of a letter from Pakit Inc. to its shareholders, dated August 20, 2011.
6. Attached hereto and marked Exhibit "E" is a letter from Ross McFadyen, counsel for True Partners Financial Services, LLC dated August 24, 2011.
7. Attached and marked as Exhibit "F" is a copy of a document dated June 28, 2011 to Mr. Yaretz.. I am informed by Tanveer Siddiqui, lawyer with Blake, Cassels and Graydon LLP ("Blakes") and believe it to be true, that Exhibit "F" relates to the customer referenced in paragraph 11 of the affidavit sworn by Dwayne Yaretz sworn on August 23, 2011 and filed in Action No. S-115028 and has been redacted by Blakes to remove confidential business information.

SWORN BEFORE ME at Vancouver,
British Columbia on August 24, 2011



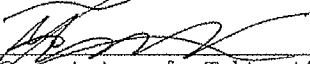
A Commissioner for taking Affidavits for
British Columbia



Hoa Ung

Tanveer Siddiqui
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard St., P.O. Box 49314
Vancouver, B.C. V7X 1L3
(604) 631-4159

This is Exhibit "A" referred to in the
Affidavit of Hoa Ung sworn before me
at Vancouver, British Columbia this 24th
day of August, 2011


A Commissioner for Taking Affidavits
for British Columbia



400 Burrard Street
Suite 1680, Commerce Place
Vancouver, BC V6C 3A6
Phone: 604.638.7440 Fax: 604.638.7441
www.alvarezandmarsal.com

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July 18, 2011

To the Creditors of Pakit Inc.

Pakit Inc. (the "Company") filed a Notice of Intention to Make a Proposal (the "Notice of Intention") dated July 12, 2011 pursuant to the Bankruptcy and Insolvency Act. Also, on July 12, 2011, Alvarez & Marsal Canada Inc. consented to act as the Proposal Trustee of the Company (the "Trustee").

Enclosed are the following:

- 1) Certificate of filing a Notice of Intention to Make a Proposal;
- 2) Notice of Intention to Make a Proposal;
- 3) Consent letter from the Proposal Trustee; and
- 4) List of Creditors and the amount of their claims per Company records.

If you have any questions or concerns, please feel free to contact Tom Powell at 604-639-0846.

Yours sincerely,

Alvarez & Marsal Canada Inc.
Trustee in the Matter of the Proposal of
Pakit Inc. and not
in its personal capacity

Per: 

Pam K. Boparai
Vice President



Office of the Superintendent
of Bankruptcy Canada

Bureau du surintendant
des faillites Canada

An Agency of
Industry Canada

Un organisme
d'Industrie Canada

District of BRITISH COLUMBIA

Division No. 03 - Vancouver

Court No. 11-253255

Estate No. 11-253255

In the Matter of the Notice of Intention
to make a proposal of:

PAKIT INC.

Insolvent Person

ALVAREZ & MARSAL CANADA INC.

Trustee

Date of the Notice of Intention: July 12, 2011

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4(1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

JASON ARSENAULT

Official Receiver

#2000 - 300 W. Georgia St., Vancouver, BRITISH COLUMBIA, V6B 6E1, 877/376-9902

Canada

Form 33

Notice of Intention to Make a Proposal

(subsection 50.4(1) of the ACT)

Take notice that:

1. I, **Pakit Inc.**, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Alvarez & Marsal Canada Inc., of 1680 – 400 Burrard Street, Vancouver, B.C., a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at Vancouver, this 12th day of July, 2011.

Pakit Inc.

Per: 

Dwayne Yaretz
President & Director
Authorized Signatory

To be completed by Official Receiver:

Filing Date _____

Official Receiver

CONSENT TO ACT AS TRUSTEE UNDER A PROPOSAL
SECTION 50.4(1) OF THE BANKRUPTCY AND INSOLVENCY ACT (CANADA)

TO: Pakit Inc.

THE UNDERSIGNED, Alvarez & Marsal Canada Inc. consents to acting as trustee under a proposal to be filed by Pakit Inc., pursuant to Part III, Division 1 of the Bankruptcy and Insolvency (Canada).

Dated this 12th day of July, 2011

Alvarez & Marsal Canada Inc.

Per: 

Todd M. Martin
Senior Vice President

IN THE MATTER OF THE PROPOSAL OF PAKIT INC.
OF THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

List of Known Creditors > \$250 as at July 12, 2011

Name	Amount \$
Unsecured creditors	
1 0868366 BC LTD	19,197.00
2 Ambrian Partners Ltd.	50,000.00
3 Arkadin Canada Inc.	520.08
4 BCF LPP	5,457.35
5 Benoit Chotard	25,000.00
6 Bentall Kennedy Limited	181,012.17
7 Best Hint Company	1,088.30
8 Borden Ladner Gervais LLP	12,213.04
9 Chapman & Associates	13,840.00
10 Chilwin Cheng Law Corp.	6,025.00
11 Chiomenti Studio Legale	4,773.85
12 Copyhouse Comp. & Print. Svs.	388.07
13 Core Information Technologies	9,269.12
14 Curve Communications	32,506.60
15 Daniel Byrne	10,000.00
16 David Honing	16,000.00
17 Digital Communications Group	402.19
18 Don W. Lee	25,000.00
19 Doug Robinson	16,000.00
20 Dwayne Yaretz	37,150.26
21 e2e Solution Inc.	3,528.00
22 Elisabeth Rooney	9,180.02
23 Employee Vacation Payable (estimate)	20,124.56
24 Fang & Associates - Barristors & Solicitors	15,837.96
25 Farris, Vaughan, Wills & Murphy	16,076.48
26 Federal Express	1,937.89
27 Finance 500 Inc.	33,594.75
28 First Reference	360.64
29 Future Step Germany GmbH	310.82
30 Griffin Corporate Concept Inc.	4,143.72
31 Harm-Geert Bos	2,154.06
32 Hawk Ridge Systems	48,927.97
33 Hirst Plantscape	694.40
34 HSBC Master Card	86,824.00
35 ImagePath	1,076.33
36 J.S. Mckercher & Co.	17,001.60
37 Jagraj Sidhu	100,000.00
38 JED Investments Inc.	12,960.00
39 Jumpsport Inc. Defined Benefit Plan	90,602.00
40 Korn / Ferry Canada Inc.	50,663.22
41 Lang Michener LLP	3,956.19
42 Manulife Financial	14,860.69
43 Marketwire L.P.	5,043.08
44 Ministry of Finance (MSP)	702.00
45 Moskowitz & Meredith LLP	27,125.00

**IN THE MATTER OF THE PROPOSAL OF PAKIT INC.
OF THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA**

List of Known Creditors > \$250 as at July 12, 2011

Name	Amount \$
46 On Web Systems Inc.	3,298.40
47 PAKIT USA Inc.	19,081.02
48 PricewaterhouseCoopers Canada	127,430.18
49 R. Craig Barton	16,000.00
50 Receiver General	121,582.71
51 Ron Mah	100,000.00
52 Shred-IT International Inc.	287.76
53 Staples Business Depot	3,282.63
54 The RSC Group	1,176.00
55 Tom Roberts	135,000.00
56 Truc Partners - CAD deposit	3,320,000.00
57 W. H. Taylor Inc.	3,136.00
58 WA-21 Water Co.	262.08
59 Worksafe BC (amount to be determined)	-
60 Wing Wong	15,000.00
61 Winkreative	21,100.12
Total unsecured creditors	4,920,165.31

Debenture holders	Principal \$	Interest \$	Amount \$
1 Angela Alder	10,000.00	141.37	10,141.37
2 Joakim Adler	15,000.00	212.05	15,212.05
3 Deborah Aikens	20,000.00	282.74	20,282.74
4 Jeffrey R. Atlee	10,000.00	141.37	10,141.37
5 Sandra Baron and David Baron	15,000.00	212.05	15,212.05
6 J.S. Barton Ltd.	100,000.00	1,413.70	101,413.70
7 Dr. Paul J. Basson Inc.	87,500.00	1,236.99	88,736.99
8 Raymond James Ltd. ITF The Greg Bay Family Holding Corp. A/C 1	50,000.00	706.85	50,706.85
9 RBC Dominion Securities Inc. ITF Jonathan Beard A/C #805 27954 :	28,750.00	406.44	29,156.44
10 RBC Dominion Securities ITF Jordan Beard A/C 805-27956-17	46,250.00	653.84	46,903.84
11 Robert & Catherine Beukers	20,000.00	282.74	20,282.74
12 Margaret and Terry Biggar	10,000.00	141.37	10,141.37
13 Terry and Margaret Biggar	2,000.00	28.27	2,028.27
14 Donna Bodner	25,000.00	353.42	25,353.42
15 Jim Bodner	35,400.00	500.45	35,900.45
16 Kevin Bottomley	1,000.00	14.14	1,014.14
17 Jennie Choboter	5,000.00	70.68	5,070.68
18 Michael Ciatto	60,451.68	854.60	61,306.28
19 Canaccord Genuity Corp. ITF Carlos Colon-Vonarx A/C 19G-485A-	4,000.00	56.55	4,056.55
20 Canaccord Genuity Corp. ITF Raphael Colon-Vonarx A/C #19G-882	5,000.00	70.68	5,070.68
21 Terri and Randy Contoli	10,000.00	141.37	10,141.37
22 Canadata Communications Inc.	175,000.00	2,473.97	177,473.97
23 Joel & Christine Cutler	20,000.00	282.74	20,282.74
24 7078471 Canada Inc.	50,000.00	706.85	50,706.85
25 Cecile Marla Eder	10,000.00	141.37	10,141.37
26 Adam J. Finklein	16,500.00	233.26	16,733.26
27 Sarah Fisher	20,000.00	282.74	20,282.74

IN THE MATTER OF THE PROPOSAL OF PAKIT INC.
OF THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA

List of Known Creditors > \$250 as at July 12, 2011

	Name		Amount \$
28	Harry Geddes	100,000.00	1,413.70
29	Eric Alan Hagman	19,784.00	279.69
30	Patricia Holm	30,000.00	424.11
31	Linda Horbatch	50,300.00	711.09
32	Nick Horbatch	49,300.00	696.95
33	Greg Horne	3,000.00	42.41
34	Canaccord Genuity Corp. ITF Mark M. Horne A/C 19G-355A-1	24,000.00	339.29
35	Daniel Philip Johnston	7,500.00	106.03
36	Sherryl Kirkham	8,000.00	113.10
37	Fred Krahn	100,000.00	1,413.70
38	Trent Kurucz	31,667.00	447.68
39	Michael Lacoe	15,431.00	218.15
40	Dirk Loedel	70,000.00	989.59
41	Michele Lozier	6,600.00	93.30
42	Louie Lucero	56,870.70	803.98
43	June MacFarlane	5,000.00	70.68
44	Edward Martin	30,000.00	424.11
45	Dan Mathewson	4,642.00	65.62
46	Peter R. Matson	25,000.00	353.42
47	Jacalyn and Barry Mawer	30,000.00	424.11
48	B.F. McLaren Ltd.	100,000.00	1,413.70
49	Canaccord Genuity Corp. ITF Catherine Miller A/C 19H-370A-1	50,000.00	706.85
50	Canaccord Genuity Corp. ITF James (Jim) Miller A/C 19H-369A-1	50,000.00	706.85
51	John J. Montagna	12,000.00	169.64
52	Daniel L. Moore	3,800.00	53.72
53	Marciano Moreno Jr.	26,778.00	378.56
54	7078510 Canada Inc.	50,000.00	706.85
55	Paul J. Muto	6,000.00	84.82
56	Carey M. Nelson	3,000.00	42.41
57	Maison Furniture Rentals Ltd.	50,000.00	706.85
58	Nikolay Lozanov Nikiforov	4,500.00	63.62
59	Canaccord Genuity Corp. ITF Anelia Nikiforova A/C 19G-755A-1	1,000.00	14.14
60	Holly M. O'Connor	35,000.00	494.79
61	John J. O'Connor	120,000.00	1,696.44
62	Joel C. Otto	50,000.00	706.85
63	Richard Patina	100,000.00	1,413.70
64	Robert R. Peterman	15,000.00	212.05
65	Dr. D.E. Pezzot Inc.	75,000.00	1,060.27
66	Chris Phillips	20,000.00	282.74
67	Janina Plag	2,000.00	28.27
68	Plowright Investments Ltd.	45,000.00	636.16
69	Mark Pyka	25,000.00	353.42
70	David Renwick	100,000.00	1,413.70
71	George Chad Robertson	100,000.00	1,413.70
72	Ian Hugh Robertson	50,000.00	706.85
73	Canaccord Genuity Corp. ITF Daniel Rogers A/C #19F-486A-1	6,000.00	84.82
74	Debbie Scott	50,000.00	706.85

**IN THE MATTER OF THE PROPOSAL OF PAKIT INC.
OF THE CITY OF VANCOUVER, IN THE PROVINCE OF BRITISH COLUMBIA**

List of Known Creditors > \$250 as at July 12, 2011

	Name	Amount \$	
75	Touto Nika LLC	5,250.00	74.22
76	George Siemens	50,000.00	706.85
77	Walter Siemens	100,000.00	1,413.70
78	Timothy M. & Katherine H. Sperling joint tenants	25,000.00	353.42
79	Donald Spice	40,000.00	565.48
80	Tyler Spice	5,000.00	70.68
81	Wendy Spice	40,000.00	565.48
82	Jaclyn M. Turpening	51,156.00	723.19
83	Raymond James Ltd. In Trust for a/c 105B90A0	450,000.00	6,361.64
84	Hans Wanichek	7,500.00	106.03
85	Richard Robert Whitlam & Wendy Joan Whitlam	90,000.00	1,272.33
86	Barry M. Wiens Professional Corporation	20,000.00	282.74
87	Brant Investments Limited in trust for VAN A/C 105370001	100,000.00	1,413.70
88	Fairfax Financial Holdings	5,000,000.00	170,958.90
	Total debentures	8,652,930.38	222,600.33
	Total creditors		<u>13,795,696.02</u>

Note:

The above noted list prepared by the Company on July 18, 2011 supercedes the list previously included in the Notice of Intention to Make a Proposal filed with the Office of the Superintendent of Bankruptcy on July 12, 2011.

This is Exhibit "B" referred to in the
Affidavit of Hoa Ung sworn before me
at Vancouver, British Columbia this 24th
day of August, 2011



A Commissioner for Taking Affidavits
for British Columbia

August 11, 2011

Dear Friends and Fellow Shareholders,

As you may be aware, on July 28, 2011 Pakit sought and was granted by the Supreme Court of British Columbia, CCAA (Companies' Creditors Arrangement Act) bankruptcy status for approximately 30 days, during which time the Company must demonstrate progress with its restructuring efforts.

As I noted in my last Shareholder Statement, dated July 29, 2011, CCAA status remains, under the circumstances, the best possible scenario for our Company at this time. It provides the Company with a formal structure and a defined set of benchmarks to begin the process of restructuring and recapitalizing our Company for the long-term. But CCAA status is not a panacea in and of itself. Rather, it provides a protected framework, under the authority of the Court and under supervision of the court-appointed monitor, Alvarez & Marsal Canada Inc., to demonstrate a commitment and the capacity on the part of Management to remedy this situation.

(For the latest information on the legal status of Pakit, I encourage you to go to the website of our monitor, Alvarez & Marsal Canada Inc., where you will find all the details relevant to this proceeding: www.alvarezandmarsal.com/pakit/).

When I took over as your new President a little over a month ago, I inherited a Company in deep distress with over \$10 million in debt and its sales pipeline in need of immediate resuscitation. I have moved very aggressively in this time to improve the situation by doing the following:

- Achieved a significant and symbolic milestone by closing our agreement with PepsiCo, the second largest food and Beverage Company in the world, for the development of sustainable packaging.
- Raised \$3.7 million from a new group of private and institutional investors who represent the interests of the founders of a large food group in the U.S.
- Personally guaranteed loans and made direct investments in Pakit of nearly \$850,000.
- Secured four Letters-of-Intent's for the purchase of 29 Pakit100's which would result, if fully executed, in revenues in excess of \$90 million.
- Initiated a stringent cost-analysis of all aspects of Pakit's operations to reduce overhead as well as implement organizational changes for improved efficiencies across all segments of our business.
- Initiated high level discussions to create strategic alliances with several very large packaging concerns for the use of our technology.

All of these efforts help to point the Company in the right direction and I believe they will be looked upon by the Court and our Monitor as very positive steps forward. However, I must look to you, our

Shareholders, for your support. In addition to the funds already raised we must raise additional equity investment of \$1.0 million by August 25, 2011.

I, therefore, am asking you to please consider making an additional investment in Pakit at this time. We are offering our shares to qualified investors at \$1.00 per share, the equivalent of our last equity raise with the new private US investment group. **Unfortunately, there is really no way to sugar coat this: your immediate investment is absolutely essential for the survival of our Company.** In parallel we are sourcing alternative funding from institutional investors to pay-off our creditors.

To be able to go to the Court on August 25, 2011 and demonstrate a groundswell of support from our Shareholders at this challenging time sends an unequivocal message to the Court that our Shareholders stand behind their Company and new Management, and that Pakit is determined to do whatever is necessary and fully intends to recover from this situation.

I vowed in my last letter to the Shareholders that I would resist engaging in empty promises so I will spare you the embellishments. Rather, I look forward to the very near future when I can "surprise-to-the-upside" with the announcement of actual Purchase Orders that speak for themselves to the enormous potential of our Company and the value of our technology.

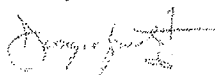
Please consider making your additional investment now in Pakit by completing and returning the attached Subscription Agreement. As has been the case in the past, to participate you must be either an "accredited investor" or a "family or friend" of a Director or Officer of Pakit.

In an effort to provide you with additional information, I would like to invite you to a "Town Hall" style meeting, providing an open forum whereby we can discuss the Company's plans and strategies moving forward while building the Company we all envision. I realize there is no specific time or date that will suit all, so more than one meeting may be required.

I propose a meeting on Wednesday, August 17, 2011 at 7:30 pm to be held in the boardroom of the Pakit office located at Suite 2250, 1050 W. Pender St. Given limited space, and so as to not pay for space we may not require, we would ask that those wishing to attend please RSVP by 5:00 pm on Monday, August 15, 2011 to Amie Kukkola (amie.kukkola@pakitinc.com) so we may make alternate arrangements for another location should demand exceed room capacity.

Please know that your support is very much appreciated.

All My Best,



Dwayne Yaretz, President

or

Michael Lacoe

+1.604.683.3200

investorrelations@pakitinc.com

This is Exhibit "C" referred to in the
Affidavit of Hoa Ung sworn before me
at Vancouver, British Columbia this 24th
day of August, 2011



A Commissioner for Taking Affidavits
for British Columbia

EXHIBIT C - REDACTED

This is Exhibit "D" referred to in the Affidavit of Hoa Ung sworn before me at Vancouver, British Columbia this 24th day of August, 2011



A Commissioner for Taking Affidavits
for British Columbia

August 20, 2011

Dear Friends and Fellow Shareholders,

Last Wednesday night, we held our first Pakit Shareholder Town Hall Meeting to update our Shareholders on our CCAA status, our financial situation, the state of our sales pipeline, specifics sales strategies moving forward and to field questions and concerns from our Shareholders. It was a frank and honest discussion amongst all of us as Shareholders that was long overdue and very necessary. It confirmed for me that that when it comes to communication between Management and Shareholders, when appropriate, more is better and my goal is to always be transparent.

For those Shareholders who were unable to attend Wednesday night's forum, here is a (paraphrased) review of some of the issues that were discussed:

When will you be scheduling the AGM?--Will be scheduled as soon as it is financially prudent and resources (time and labor of management) can be appropriately allocated. Complicated by the legal costs and time encroachments due to CCAA status; all energy by Management at this time must be focused on securing additional funding and generating real revenue through sales so that we can pay our creditors and get out of CCAA status.

What is the status of the Board?--The current board of Pakit consists of Dwayne Yaretz, Interim President of Pakit, Carl Brandes, Independent Director, and Andrew Watson, Independent Director, who joined the board on June 27. As for adding additional board members, we have identified highly qualified board members that are agreeable to joining our board once we are out of CCAA status.

Why Dwayne Yaretz as Interim President?--I stepped up to the plate at a very difficult time in the company's development: Pakit in debt and its sales pipeline dormant. Having been involved with Pakit for more than 10 years, as a six year Independent Director on the board and one of the primary fundraisers for Pakit, I have an intimate knowledge of all aspects of Pakit's business. It would take months or years for someone to step in, get up to speed, and to develop the relationships that I have nurtured over the last 10 years. In addition, with the company's finances in dire straights, the reality is that no qualified president is going to risk leaving a secure position to join a company whose future is uncertain or put their reputation at risk by affiliating with a company under CCAA protection. I agreed to act as Interim President and to defer any salary until which time the company's finances have been stabilized. At that time my status as Interim President will be re-evaluated by the board and ultimately the Shareholders.

What is the status of the two Pakit 100's sold to Grupo San Cayetano?--The first two machines are operating at full capacity. Pakit is due payment in tranches for these two machines. The first tranche is due at SAT (Site Acceptance Test), scheduled to be finalized the week of September 2, the second tranche two weeks thereafter. The remaining 10% of these machines will take place 90 days after SAT payments.

What exactly has been accomplished by Management in the last two months?

- 1) Raised \$5 million in equity finance.
- 2) Negotiated and executed a development agreement with PepsiCo.
- 3) Negotiated four Letters-of-Intent that if fully executed would be valued at over \$87 million.
- 4) Advanced a potential partnership with (Federal) Government Investment in Forest Industry Transformation Program (IFIT).
- 5) Evolved a new business model, Pulp Mill Diversification Strategy, which diversifies the pulp mills into packaging converters utilizing Pakit technology.
- 6) Moved forward on alliance with FP Innovations, a public/private Canadian not-for-profit forest products research institute.
- 7) Nurtured a relationship with a major chemical company which has recently developed, patented and about to launch a sustainable, affordable, FDA-approved and non-BPA containing protective barrier. (BPA; Bisphenol-A; a known carcinogen commonly found in plastic and cellulose based packaging). These protective barriers may prove to be very pivotal in the future of the food packaging industry.
- 8) Begun the process of restructuring operation for improved efficiencies and recapitalizing to insure that Pakit has the necessary financial resources in place for future growth.
- 9) Empowered employees to reinvest and reaccess their individual contributions by reaffirming a higher standard of work ethic where personal innovation is encouraged by Management.

What is our current cash burn-rate per month?--\$600,000, including legal and other professional fees relating to our current CCAA status.

What is Pakit's current debt?--Approximately \$15 million (before accounting for receivables), which breaks-down according to the following:

- 1) \$5 million to Fairfax Financial Holdings.
- 2) \$3.6 million to individual Senior Debenture Holders.
- 3) \$3.3 million to True Partners (under litigation).
- 4) \$3.7 million in "total trade payables."

What is Pakit's receivables?--Approximately \$5 million leaving our current debt at approximately \$10 million.

Can you talk more about the restructuring?

- 1) There had been restructuring efforts over the last few months which did realize savings. The current goal is to further reduce operational expenditures by 20%. All Pakit employees are participating on introducing cost cutting measures within their scope as well, results TBD, but everyone is working diligently as a team to do their part.
- 2) Creating new and more efficient reporting structure in Canada and Sweden.
- 3) Sweden R & D facility to become a profit center whereby all product design and development, prototyping and the manufacturing of samples will be invoiced to the customer which will include a margin for Pakit.
- 4) Initiating a plan to increase tooling capacity in preparation of future sales and initiating a back up plan for our customers in the event that our tooling facility ever be down.

Can you address specific refinancing goals?

- 1) Raise \$1 million in equity financing by next week's court date on August 25.
- 2) Raise \$20 million by end-of-year in tranches with incremental price increases as Pakit achieves certain sales milestones that are still in the process of being defined.
- 3) Explore the licensing of territories or product(s) for a fee which would bring in non-dilutive capital with a guarantee of a minimum number of machine sales determined by the size of the given market.

Can you provide any more specifics regarding sales?--Yes.

- 1) We have a major packaging provider who has done their due diligence and who has signaled to us their intention to form with Pakit a strategic partnership that has the potential to result in significant sales of the Pakit 100--more details to follow.
- 2) A major Pulp Mill producer in B.C. has engaged the services of an engineering firm at an estimated cost of over \$150,000.00 to act as an adviser in transitioning some of their resources and a site analysis for the purposes of becoming a converter (manufacturer) of packaging product.

When will Pakit go public?--At the first opportunity to launch a successful IPO--when Pakit has generated sufficient revenue (sales) and appropriate market conditions. An IPO is an absolute priority for our new U.S. investors and Management is very aware of the importance of creating liquidity for its Shareholders.

* * * * *

I would summarize the take-away from our meeting in this way: there is indeed light at the end of the tunnel with significant opportunities that did not exist even two months ago BUT the Company needs time to develop these opportunities (and this is a big but) we need to raise sufficient funds from our Shareholders for next week's court date on August 25. If we succeed in raising sufficient funds from our Shareholders to demonstrate to the court that we have the necessary operating capital we believe we stand a very good chance of the Court granting us an extension to our CCAA status. We have already received subscription agreements of approximately \$600,000.00 so we are well on our way but I want to encourage all of our Shareholders, no matter the size of your investment, to step forward and not assume that your investment can't make a difference.

Fully cognizant of exposing our Shareholders to the possible risk of "throwing good money after bad" I have asked our lawyers to create a Trust Fund for all incoming investments through this Thursday's court date at which time that the subscription price will either be returned back to the Shareholders or invested as equity in Pakit, pending the court's decision to either extend or deny our request for an extension of our CCAA status.

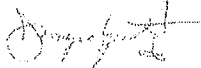
It is my duty to remind our Shareholders that the **alternative** to extending our CCAA status should we not demonstrate to the court that we have the **necessary funding** in place to warrant an extension is **receivership** which will almost certainly result in **severe liquidation** of our shares at pennies on the dollar. That requires all of us to **step up to the plate** and make an investment **now** in the future of our Company.

I never intended the need to go back to Shareholders for additional fundraising but I never intended to be in CCAA status. To reiterate: any investment you make today will be secured and held **In Trust** by our attorneys until such time we know the outcome of the Court's decision to our request for an extension of our CCAA status.

Attached you will find a revised Subscription Agreement acknowledging the CCAA status and the trust arrangement. Please review the terms of the Subscription Agreement and return by fax (604) 683-3204 or scan and return via e-mail, attn: amie.kukkola@pakitinc.com , as-soon-as-possible. Time is of the essence.

Know that your support at this time is critical but also deeply appreciated by Management and all Pakit employees both here in Vancouver and in Sweden.

Most Sincerely,



Dwayne Yaretz, President

or

Michael Laco

+1.604.683.3200

investorrelations@pakitinc.com

This is Exhibit "E" referred to in the
Affidavit of Hoa Ung sworn before me
at Vancouver, British Columbia this 24th
day of August, 2011



A Commissioner for Taking Affidavits
for British Columbia



THOMPSON DORFMAN SWEATMAN LLP

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August 24, 2011

VIA E-MAIL

Alvarez & Marsal Canada Inc.
1680 - 400 Burrard Street
Vancouver, BC V6C 3A6

Attention: Pam K. Boparai/Tom Powel

Dear Sirs:

Re: Pakit, Inc. - CCAA Proceeding
Claim of True Partners Financial Services, LLC
Our Matter No. 0103000 RAM

We are counsel for True Partners Financial Services, LLC ("True Partners").

True Partners is an unsecured creditor of Pakit Inc. ("Pakit") and is owed the sum of approximately \$3.5 million CAD. To our knowledge, True Partners is the largest unsecured creditor of Pakit by a considerable margin.

True Partners was in discussions with Pakit for a number of months prior to the commencement of the current proceedings under the *Companies' Creditors Arrangement Act* regarding repayment of the amount owed to it. During these discussions, a number of representations and commitments were made on behalf of Pakit indicating that new funding would be available shortly and that Pakit's obligations to True Partners would be fulfilled. Unfortunately, these representations and commitments were not fulfilled.

The Affidavit of Dwayne Yaretz sworn August 23, 2011 and filed on behalf of Pakit clearly indicates Pakit has not been able to secure the funding that Mr. Yaretz indicated would be forthcoming in his first Affidavit. Beyond that, Pakit also appears to be experiencing considerable difficulty with its primary customer.

In all the circumstances, True Partners has lost all confidence and faith in the existing management of Pakit. It very much appears that if current state of affairs is allowed to continue, irreparable harm may be done to Pakit and the interests of its creditors. As such, True Partners is not willing to support any plan of arrangement put forward by the existing management of Pakit and is strongly opposed to any further extension of the stay of proceedings under the



THOMPSON DORFMAN SWEATMAN LLP

Companies' Creditors Arrangement Act. True Partners instead supports the application made by Fairfax Financial Holdings Limited and Craig Barton for the appointment of a receiver or receiver-manager.

We ask that this letter be brought to the Court's attention.

Yours truly,

THOMPSON DORFMAN SWEATMAN LLP

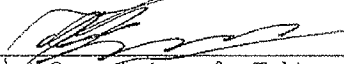
Per:

Ross A. McFadyen

/kns

cc. Warren B. Milman - McCarthy Tétrault LLP
 cc. Magnus Verbrugge - Borden Ladner Gervais LLP
 cc. Peter L. Rubin - Blake, Cassels & Graydon LLP
 cc. Ray Taccolini, True Partners Financial Services, LLC

This is Exhibit "F" referred to in the
Affidavit of Hoa Ung sworn before me
at Vancouver, British Columbia this 24th
day of August, 2011



Commissioner for Taking Affidavits
for British Columbia

June 28, 2011

Attn: Dwayne Yaretz

Pakit Inc.
1060 West Pender St.
Suite 2250
Vancouver, BC, Canada

Manufacturing Strategy

Dear Dwayne,

After discussion with our Director of Technology, Manufacturing and Materials, I am willing to express our intent to manufacture natural fiber-based packaging using Pakit Inc.'s equipment and process.

As you and your team discussed with, we would like to enable a offer our customers more flexibility in their designs without sacrificing. Additionally, we believe your technology would give us an additional competitive advantage in the ability to:

Since we have already been able to demonstrate technical feasibility in achieving a prototype manufacturing environment, we would be interested in working with your engineers to jointly develop this technology in order to speed time to market.

If the technology is validated and our cost targets can be met, we would be considering purchasing up to five lines this year, four to be installed at a site in for manufacturing and one to be installed in our located in

Based on our projections for the next 3-4 years, we conservatively believe our business could grow to require 38 additional tools targeting our key vertical markets today.

That number potentially increases up to 2-3x depending on additional customer interest and growth in other areas. We would also be targeting factories in to obtain a global manufacturing footprint.

I am looking forward to meeting with you and Pakit's executives to discuss establishing a strategic partnership between Pakit Inc. and

Best Regards,