

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

CRAIG BARTON and  
FAIRFAX FINANCIAL HOLDINGS LIMITED

PLAINTIFFS

AND

PAKIT INC.

DEFENDANT

**NOTICE OF APPLICATION**

**Name of applicant:** Alvarez & Marsal Canada Inc.

TAKE NOTICE that an application will be made by the applicant, Alvarez & Marsal Canada Inc. ("**A&M**"), the Receiver-Manager of Pakit Inc. ("**Pakit**" or the "**Company**") before The Honourable Mr. Justice Burnyeat at the Vancouver Courthouse at 800 Smithe Street, Vancouver, British Columbia on Thursday, March 8, 2012 at 9:00 a.m. for an Order as set out in Part 1 below and in the form attached hereto.

**Part 1: ORDER(S) SOUGHT**

1. abridging the time for service of this Notice of Application and supporting materials;
2. approving the activities of A&M as Receiver-Manager of Pakit as set out in the Receiver's First Report to the Court dated March 1, 2012 and Second Report to Court to be filed;
3. approving and outlining the procedure for the sale of the property, assets and undertaking of the Company; and
4. increasing the borrowing powers of the Receiver-Manager to allow it to borrow up to the sum of \$2,500,000 based upon the security of Receiver's Certificates.

## Part 2: FACTUAL BASIS

1. On July 12, 2011, the Company filed a Notice of Intention to make a Proposal (the “**NOI**”), which was converted into a proceeding in the Supreme Court of British Columbia, Vancouver Registry, Action No. S-115028 (the “**CCAA Proceedings**”) under the *Companies' Creditors Arrangement Act* (the “**CCAA**”) pursuant to the order granted by this Honourable Court on July 28, 2011 (the “**Initial Order**”). A&M was appointed as Monitor in the CCAA Proceeding pursuant to the Initial Order.
2. The Initial Order provided for, among other things, an initial stay of proceedings against the Company until and including August 25, 2011, or such later date as ordered by this Honourable Court (the “**Stay Period**”). Subsequent Orders were granted that extended the Stay Period until January 31, 2012.
3. The Company is the parent company of Pakit USA Company Inc. (“**Pakit US**”) and Pakit International Trading Company (“**Pakit International**”). Pakit International is the parent company of Packaging International Technology Sweden AB (“**PIT**”), a company incorporated under the laws of Sweden.
4. Pakit is in the business of developing clean technology solutions for the packaging industry. The commercial proprietary product of Pakit and its subsidiaries and affiliates is the “Pakit100 Machine” and various related patents.
5. The Company is indebted to a number of creditors. The principal creditor of the Company is Fairfax Financial Holdings Limited (“**Fairfax**”) which is owed approximately \$6 million.
6. On February 2, 2012, A&M was appointed as Receiver-Manager (the “**Receiver**”) in this proceeding of all of the property, assets and undertaking of the Company on the application of Fairfax.
7. The Receiver has determined that it is in the best interest of all stakeholders of the Company to sell all of the property, assets and undertaking of the Company.

8. The Receiver proposes certain bidding procedures in order to realize the highest possible price for the property, assets and undertaking of the Company.
9. In order to continue the operation of the Company until the sale takes place the Receiver will need borrowings of up to a total of \$2,500,000 to operate the business of Pakit until the third week of May or until a sale of the Collateral can be finalized.

**Part 3: LEGAL BASIS**

1. *Business Corporations Act*, S.B.C. 2002, c. 57;
2. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
3. *Law and Equity Act*, R.S.B.C. 1996, c. 253; and
4. The inherent jurisdiction of this Court.

**Part 4: MATERIAL TO BE RELIED ON**

1. Receiver's First Report to Court filed March 1, 2012.
2. Affidavit #1 of Pam Boparai to be sworn and filed on or before March 7, 2012.
3. Receiver's Second Report to Court to be filed on or before March 7, 2012.

The applicant estimates that the application will take 30 minutes.

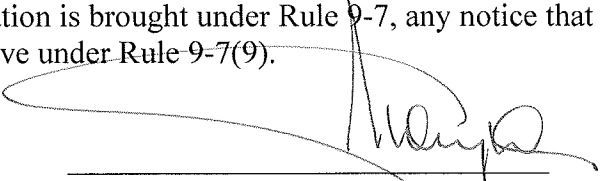
Mr. Justice Burnyeat is seized of this proceeding.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
  - (i) you intend to refer to at the hearing of this application, and
  - (ii) has not already been filed in the proceeding, and

- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
- (i) a copy of the filed application response;
  - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
  - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: March 5<sup>th</sup>, 2012

  
\_\_\_\_\_  
Signature of Geoffrey Thompson

☐ applicant ☒ lawyer for applicant  
Alvarez & Marsal Canada Inc.

***To be completed by the court only:***

Order made

☐ in the terms requested in paragraphs \_\_\_\_\_  
of Part 1 of this notice of application

☐ with the following variations and additional terms:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Signature of ☐ Judge ☐ Master

## APPENDIX

### THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matters concerning oral discovery
- ☐ amend pleadings
- ☐ add/change parties
- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

CRAIG BARTON and  
FAIRFAX FINANCIAL HOLDINGS LIMITED

PLAINTIFFS

AND

PAKIT INC.

DEFENDANT

**ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE MR. ) Thursday, the 8<sup>th</sup> day of  
JUSTICE BURNYEAT ) March 2012

ON THE APPLICATION of Alvarez & Marsal Canada Inc., the Receiver-Manager of Pakit Inc., coming on for hearing at Vancouver, British Columbia on Thursday, March 8, 2012 and on hearing Geoffrey Thompson, counsel for the Receiver and Peter Rubin, counsel for Fairfax Financial Holdings Limited, and John I. McLean, counsel for a number of Debentureholders:

THIS COURT ORDERS that:

1. a time for service of the Notice of Application and materials herein be and is hereby abridged and that the application is properly returnable today and that further service hereof be and is hereby dispensed with;
2. it hereby approves the activities of the Receiver-Manager as set out in the Receiver's First Report to Court dated March 1, 2012 and the Second Report to Court dated March \_\_, 2012;

3. it hereby approves the procedure for the sale of the property, assets and undertaking of Pakit Inc. as set out in the Bidding Procedures which are attached as a Schedule to this Order; and
4. it hereby increases the borrowing powers of the Receiver-Manager to allow it to borrow up to the sum of \$2,500,000 based upon the security of Receiver's Certificates.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

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Signature of

☐ party ☒ lawyer for applicant  
Alvarez & Marsal Canada Inc.

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Signature of

☐ party ☒ lawyer for Fairfax Financial  
Holdings Limited

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Signature of

☐ party ☒ lawyer for a number of  
Debentureholders

By the Court.

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Registrar

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No. S-114513  
Vancouver Registry

In the Supreme Court of British Columbia

Between

Craig Barton and  
Fairfax Financial Holdings Limited

Plaintiffs

and

Pakit Inc.,

Defendant

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**ORDER MADE AFTER APPLICATION**

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1200 Waterfront Centre  
200 Burrard Street  
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Vancouver, British Columbia  
V7X 1T2  
Telephone: (604) 687-5744  
Attn: Geoffrey Thompson



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No. S-114513  
Vancouver Registry

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**GT**

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