



D. Yaretz #7  
November 29, 2011

NO. S115028  
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 CORPORATIONS ACT*, R.S.C. 1985, c. C-44

AND

IN THE MATTER OF PAKIT INC.

PETITIONER

**AFFIDAVIT**

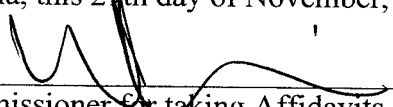
I, DWAYNE YARETZ, Businessman, of 2250 – 1050 West Pender Street, Vancouver, British Columbia, SWEAR THAT:

1. I am the President of the Petitioner, and as such I have direct knowledge of the facts and matters hereinafter deposed to, except where stated to be on information and belief, and where so stated I verily believe them to be true.
2. Since the last hearing the Petitioner has been working diligently to secure sufficient funding, both in the near and long term, to maintain its ongoing operations and emerge successfully from these proceedings.
3. The Petitioner was able to meet the conditions for submitting the consent extension orders on November 4 and 14, 2011 by means of additional equity financing from the Coronado Group (further equity infusion having been necessary with respect to the most recent extension due to an unanticipated delay in the next instalment of the second customer's machine purchase, as described below).
4. The ultimate goal in this process is for the Petitioner to have sustainable cash flow by means of its machine sales and related revenue streams. Although there has been no progress since the last hearing date with respect to the Petitioner's first customer (Cayetano), which has not

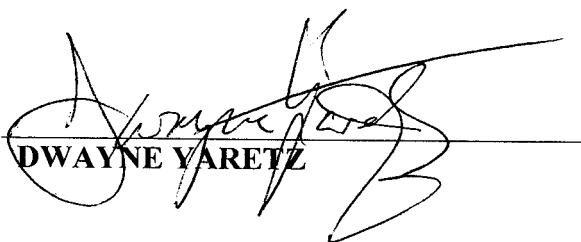
yet responded to the Petitioner's correspondence, the Petitioner has made significant progress with its second machine customer.

5. As noted above, the payment schedule for the first machine sale to the second customer has been delayed, which made it necessary for the Petitioner to raise further equity financing to secure the last extension to December 2, 2011. This was due to the need further work in the preparation of a sample that met the customer's specifications. In the last several weeks I have travelled to Europe to meet with the customer at the Petitioner's facilities and we have made significant progress. We have invoiced the customer for the next instalment and expect to receive payment of approximately \$1 million by December 1, 2011.
6. I have also been working diligently in an effort to secure long term financing for the Petitioner to allow it to pay out its secured creditors and emerge from these proceedings. On November 27, 2011 the Petitioner received an offer to provide \$15 million in financing. The Petitioner is still considering this proposal and is working on the terms in consultation with the monitor. The goal is to have such financing in place by the end of December, 2011.
7. The Petitioner has also written to its senior convertible debenture holders asking that they agree, subject to court approval, to postpone and subordinate their debentures so as to allow the Petitioner to pay Fairfax Financial Holdings Limited (and all other senior debenture holders who have not so elected) before the end of the January, 2012. The holders of approximately \$100,000 worth of the debentures have agreed to do so thus far.

SWORN BEFORE ME at the City of  
Vancouver, in the Province of British  
Columbia, this 29th day of November, 2011

  
A Commissioner for taking Affidavits in  
British Columbia

**WARREN B. MILMAN**  
*Barrister & Solicitor*  
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(604) 643-7104

  
**DWAYNE YARETZ**