



**BDO Dunwoody Limited**

33 City Centre Drive, Suite # 680  
Mississauga, Ontario  
Telephone: (905) 615-8787 x 241  
Telefax: (905) 615-1333

**TELECOPIER COVERING PAGE**

DATE: 22 August 2003

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: Mark Zhu  
FIRM: BDO National  
FAX: 416-865-0904

FROM:

NAME: Les Fulton  
FIRM: BDO DUNWOODY LIMITED  
FAX: (905) 615-1333

TOTAL PAGES INCLUDING THIS COVERING LETTER:

IF YOU DO NOT RECEIVE ALL PAGES PLEASE CALL (905) 615-8787

**MESSAGE:**

*RE: Network Transport (2002) Inc., Proposal of*

As you requested, attached is the Letter to Creditors for Network. Could you please add this to the website.

If you have any questions please call the undersigned.

Regards,

*Les Fulton*

BDO DUNWOODY LIMITED

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**BDO Dunwoody Limited**

33 City Centre Drive, Suite 620  
Mississauga, Ontario, Canada L5B 2N5  
Telephone: (905) 615-8767  
Telefax: (905) 615-1333

18 June, 2003

***TO THE CREDITORS***

***Re: Network Transport (2002) Ltd. (the "Company")  
Notice of Intention to File a Proposal  
pursuant to the Bankruptcy and Insolvency Act***

On 17 June, 2003 the Company filed Notice of Intention to File a Proposal (the "Notice") to its creditors pursuant to the provisions of the Bankruptcy and Insolvency Act. BDO Dunwoody Limited (the "Trustee") has agreed to act as Trustee under the Proposal.

Please find herewith a copy of:

1. The Notice;
2. A list of known creditors and the amounts owing to them.

**The Notice Process**

This is the first step in the restructuring of the affairs of the Company. The law provides:

- A general stay of all proceedings against the Company;
- That the Trustee mail a copy of the Notice to the known creditors;
- That the Company is required to file its proposal within 30 days of the filing of the Notice, unless the time to file is extended by the Court;
- The Court, upon application by the Company, may grant an extension of time of up to 45 days to file the proposal;
- the Company may apply to the Court for up to three extensions;
- If the Company fails to file its proposal prior to expiry of the time provided to them, it is automatically deemed to be bankrupt;
- Upon filing the Notice, the Company cannot withdraw from the proposal process except by filing an assignment into bankruptcy;
- The Trustee is not required to notify of the creditors of extensions granted by the court and generally does not do so to avoid additional costs to the administration of the proposal;
- Upon the filing of the proposal, or alternatively the event of bankruptcy, the Trustee is required to notify the creditors and provide the appropriate documentation;
- In either event, a first meeting of creditors will be scheduled approximately 21 days after the event.

We anticipate that the Company will file their proposal within the initial 30 day time period. Receipt of this correspondence and attached documents is evidence that you are recorded as a creditor of the Company and further notices will be sent at the

appropriate time. It is not necessary for you to advise the Trustee at this time if you do not agree with the amount recorded as owing to you. It is sufficient to advise us by filing at the appropriate time the proof of claim form in the proposal process (see below).

The Trustee will post extensions, if any, along with other reports and pertinent information, on a web site which you may access at [www.bdo.ca/network](http://www.bdo.ca/network). Otherwise you can expect that our next communication to you will not be until the proposal has been filed or the Company fails to file within the required time resulting in its bankruptcy. At that time we will provide you further information. If the proposal is filed you may expect to receive.:

1. A copy of the Proposal;
2. A notice of the time and the place of the meeting of creditors.
3. A proof of claim form;
4. A form of proxy;
5. A voting letter each in the prescribed form;
6. The Trustee's report on the company's business and financial affairs;
7. A further letter of instruction with respect to the proposal procedure.

The Trustee will monitor the business of the Company during the period the Notice and the Proposal are in effect.

### The Proposal Process

A creditor does not have to attend or be represented at the meeting of creditors, and can vote on the Proposal by voting letter. Creditors will vote by classes. A majority of number and two thirds in value of each class of creditors present, personally or by proxy, at the meeting and voting on the Proposal, must be in favour of the Proposal in order to have it accepted.

If the Proposal is accepted by the creditors, the Trustee within 5 days must apply to the Court for an appointment for the hearing of the application for approval of the Proposal. If the creditors do not accept the Proposal or the Court refuses to approve the Proposal, the company will be deemed to have made an assignment into bankruptcy.

All creditor claims are dealt with only through the proof of claim form to be provided with the Proposal. To have their claims recognized, creditors must properly complete the proof of claim form and deliver it to the Trustee. Delivery can be made personally, by mail, courier or by fax. To be entitled to vote, the proof of claim form must be delivered to the Trustee prior to the time scheduled for the meeting of creditors. To be properly complete, all proofs of claim must be accompanied by a Schedule "A" supporting the value of the claim. Typically Schedule "A" can consist of copies of

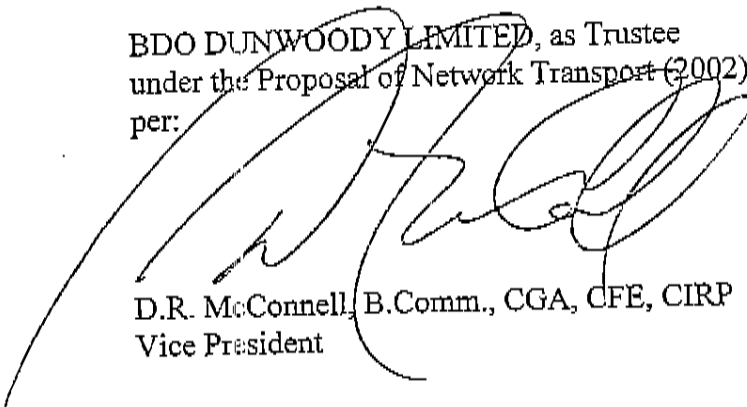
statements or invoices supporting the claim. Disagreements with respect to the amount of any claim will be dealt with through the process prescribed in the Act. Filing your claim with the Trustee is adequate notice of such disagreements.

The proposal determines the payment to be made to the creditors. At this time the terms of the proposal have not been determined. It is expected however that the net funds will be greater and in a more orderly procedure under a proposal than is likely to be realized in the event of bankruptcy. More funds are therefore expected to be available for distribution to all of the creditors. The creditors will be paid in the order of their priority in law and as will be described in the Proposal.

We trust that the foregoing will adequately explain the current and ongoing circumstances of this Proposal. If any questions or concerns arise, please contact Mr. Les Fulton at (905) 615-8787.

Yours very truly,

BDO DUNWOODY LIMITED, as Trustee  
under the Proposal of Network Transport (2002) Ltd.  
per:



D.R. McConnell, B.Comm., CGA, CFE, CIRP  
Vice President