

Smith Consulting Group

May 10, 2006

Notice of Marketing Plan Requirements Requirements of All Commissioned Sales Agents

Smith Consulting Group (SCG) is pleased to have been selected by Canada to market and sell Canada's Military Surplus Assets (MSAs). For purposes of this notice of requirements of commissioned agent, SCG shall be the prime contractor, and the commissioned agent shall be a subcontractor of the prime contractor.

The members of SCG's joint venture have over 175 combined years of MSA experience, and one of the members is the world's largest military surplus dealer in the world. As substantiated in our proposal to Public Works Government Services of Canada ("PWGSC"), members of SCG have sold to (and purchased MSAs from) virtually every country in the world who has friendly diplomatic relations with the United States.

Despite SCG's past sales experiences, it has been recognized that contacts retire and new faces have emerged as key decision makers. For this reason, SCG's proposal accepted by Canada allowed SCG's marketing plan to include the services of outside sales agents.

Part of SCG's marketing plan allows for SCG to work with "in-country" agents throughout the world on a commission basis. SCG anticipates each agent to have different agreements, depending on the uniqueness of the business the agent expects to bring to the table.

SCG intends to consider each plan presented and determine if the plan meets SCG's needs and the requirements of SCG's client, Canada. Included in this notice are guidelines in order to ensure that each potential commissioned agent knows the needs and requirements in order to satisfy our client.

If you are interested in playing a marketing role in this gigantic opportunity, you should review this information and submit a proposal which meets these criteria. SCG will require specific marketing plans from you that address this document in its entirety and that specifically respond to the sections that are highlighted in bold lettering. Refer to items 11, 12 and 13 on the following pages.

55 Years Experience

Services

➤ **Asset Reutilization**

- Appraisal
- Inspection
- Consultant
- Military Surplus Assets
- Project Management
- Worldwide Shipping
- Procurement
- Sales & Marketing

➤ **Transportation**

- Dedicated Services
- Project Management
- Logistics
- Safety

➤ **Software Training**

- QuickBooks
- Microsoft Products
- Innovative
- Omni

➤ **Equipment**

- Appraisal
- Broker
- Dealer

➤ **Recycling**

- Demolition
- Reutilization
- Consulting
- Plan Development
- Implementation

Once your marketing plan is received, SCG will evaluate the plan and determine within 10 days if your plan fits with SCG's overall marketing plan. If accepted, you will have rights to the client(s) covered in your plan. If your plan covers more than one client and we are already committed with that client, then we will notify you which client(s) are committed to you.

Commissioned Agents will be required to report directly to SCG's Project Manager, and Commissioned Agent shall:

1. Never have any contact with Crown Assets Distribution ("CAD") of PWGSC Department of National Defense ("DND"). All questions, communication, requests—ANYTHING—relating to this project must go through the SCG's Project Manager, Billy P. Smith. **No exceptions!**
2. Never have any contact with any member of SCG other than Billy P. Smith unless otherwise authorized in writing. All questions, communication, requests—ANYTHING—relating to this project must go through the SCG's Project Manager, Billy P. Smith. **No exceptions!**
3. Immediately cease contact and report any contact or communication from number 1 and 2 above to the Project Manager.
4. Provide effective marketing and sale processes to acceptable foreign governments for the maximum financial return to Canada on a commission basis, payable to the commissioned agent by SCG only upon completion of sale and SCG's receipt of commission in full from Canada.
5. Provide marketability advice to SCG, as and when requested.
6. Ensure that all DND Surplus Assets are sold on an "AS IS - WHERE IS" basis, and that no warranty is offered, either expressed or implied.
 - a. However, in order to enhance the deal, SCG may consider offering through one of its partners, spare parts and refurbishing if the client is interested in services outside the Canadian Contract.
 - b. This must be considered on a case by case basis.
7. Be responsible for the performance and responsiveness of all the activities related to the account (client) for its representative(s) and any respective agent(s).
8. Designate a representative who will coordinate the marketing activities with the Project Manager.
9. Maintain and store, in one location, all documentation, communication and records issued during the sale processes for the Surplus Assets. These records are to be turned over to SCG immediately upon completion of a sale and prior to final commission settlement.
10. Seek clarification from the Project Manager related to sale restrictions and/or requirements stated on the Report of Surplus ("RoS").
11. Ensure that all sales conform to applicable federal laws and regulations and applicable international laws and regulations, including but not limited to the Controlled Goods Program (CGP), International Traffic in Arms Regulations (ITAR), Criminal Code of Canada, the Atomic Energy Control Act, the Firearms Act, the Explosives Act, the Hazardous Products Act, the

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- Pest Control Products Act, the Official Languages Act, the National Archives Act, the Export and Import Permits Act, and all applicable provincial, municipal and local laws and regulations.
12. Respond to all queries such as, but not restricted to, marketing efforts sales status, technical, contractual (related to the Purchase Agreement and Bill of Sale document), availability of assets, condition etc., relating to the sale of Surplus Assets.
 - 13. Determine the marketability of the Surplus Assets, the best method to sell the assets; being specific as to what country(ies) has(have) requirements and if such country(ies) has(have) the necessary funding available.**
 - 14. Develop a marketing strategy designed to best suit the specifics of the particular Surplus Asset(s) of interest.**
 - 15. Submit a detailed marketing plan to SCG for review and approval. At a minimum, the marketing plan is to include a description of which acceptable foreign government(s) will be targeted, advertising strategies and actual advertisements to be placed in identified print or electronic media, description of each phase of the sale, samples of documents that would be issued to prospective purchasers during each phase, a fair market value assessment, which is to be provided to SCG. Prior to the Commissioned Agent(s) commencing marketing activities of the Surplus Assets, the Commissioned Agent's plan is to include a list of the Commissioned Agent's personnel that would be involved with the sale and their responsibilities.**
 - 16. Conduct marketing activities in accordance with the approved marketing plan.**
 17. Adhere to the terms and conditions included in RoS.
 18. SCG and the Commissioned Agent develop templates for the Offer to Purchase ("OTP") and Purchase Agreement and Bill of Sale documents, which the commissioned agent would issue to prospective purchasers ONLY with express written approval from SCG. These documents shall be subject to periodic updates as required.
 19. Issue approved versions of the OTP and Purchase Agreements and Bill of Sale documents to prospective purchasers. These documents will define the requirements of the OTP process and the terms and conditions to be included in the sale documentation.
 20. Seek clarifications from prospective purchasers, as required.
 21. Provide copies of all communication, email, letters and any other documents which the commissioned agent issues to prospective purchasers and any other third parties regarding the sale or marketing efforts.
 22. As applicable, issue general information about the Surplus Assets to prospective purchases, for information purposes only, as all documents and specifications are provided as introductory information only and are subject to prospective purchaser's own verification and inspection of the Surplus Assets and records prior to submission of an offer.

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23. Coordinate with SCG and attend site visit by any prospective purchaser that wishes to view the Surplus Assets and available supporting documentation. The commissioned agent shall bear his own costs associated to these activities.
 24. Upon receipt of notification from SCG that the offer(s) is acceptable, advise the successful bidder(s) of the acceptance of their offer(s), and seek 10% security deposit. Such deposits shall be forwarded directly to the SCG.
 25. In conjunction with the SCG, finalize and issue the Purchase Agreement and Bill of Sale document to the successful bidders and seek payment.
 26. Upon completion of the sales process, assist SCG as necessary in the preparation of an Authority to Release document. This AoR will be provided by SCG and CoA.
 27. Assist SCG in preparing sales report and final report.
 28. Advise the purchaser it is purchaser's responsibility to obtain the required permits/approvals, such as an import permit/approval, for the Surplus Assets and, if applicable, hazardous material contained therein from the appropriate government organization in the buying country.
 29. Advise the purchaser it is purchaser's responsibility to take the necessary action to ensure the shipment of the Surplus Assets will meet the customs requirements of the importing nation.
 - a. Recommend the purchaser to use Smith Transport and Logistics for handling all shipping arrangements.
 30. Advise the purchaser it is purchaser's responsibility to resolve the matter including costs associated with the seizure of assets in the event that customs officials seize a shipment of the Surplus Assets.
 31. Provide the purchaser's information to SCG necessary to obtain United States and/or other Foreign Government's final approval for confirmed purchaser(s).
 32. Assist if necessary to obtain Export Permit(s) from the International Trade Canada (ITC) for assets that are sold to international purchasers, except to United States (US) purchaser that will use the Surplus Assets in the US. Additional information regarding export permits is posted on ITC's web site at: <http://www.dfait-maeci.gc.ca/eicb/menu-en.asp>, as well as assist in obtaining from the Customer the End User Certificate.
 33. Offer the purchaser the opportunity to purchase spare parts and/or refurbishing services in order to enhance the possibility of the sale. Spare parts and refurbishing will be provided by and quoted independently and under separate contract by SECO.
 34. Agree that the only accepted form of communication is by email.
 35. Offer the following MSAs as outlined in the Surplus sales item assets as described in section 2.0 and 2.1 in contract between Canada and SCG. It must be noted that the last line item in the chart below has been removed. Specifically the "Crew Gun Trainer (2 masters and 7 slaves) have been removed.
 - a. The following Section has been pasted directly from the official contract:

2.0 Surplus Assets

The Contractor shall market and sell the Surplus Military armaments, ammunition and military equipment (hereinafter called "Surplus Assets") currently available and listed in section 2.1 herein. Moreover, the Contractor shall market and sell Surplus Assets listed in section 2.2 herein on "as-and-when requested" basis.

2.1 Current Requirements

The exact number and types of Surplus Assets that will eventually be made available on Reports of Surplus (RoS), originated by DND for sale during the period of this Contract cannot be accurately determined at this time. However, a list of the Surplus Assets that are available for immediate sale are:

Commodity Group 4		
Description	Quantity	Location
AVGP Cougar w/ Turret	30	Montreal
AVGP Grizzly hulls	5	Montreal
AVGP Crew Gunnery Trainer (Simulator)	20	Montreal
APC M113 Various variants	381	Montreal
M 548 (cargo version above)	45	Montreal
M 577 (command post of above)	10	Montreal
M578 Recovery Vehicle (for M109)	14	Montreal
Crew Gun Trainer (2 masters and 7 slaves)	9	Montreal

NOTE: the last item in the above inventory lists has been removed and is no longer available. Specifically the "Crew Gun Trainer (2 masters and 7 slaves) have been removed.

These needs and requirements are necessary in order to comply with the needs of the Prime Contractor and Canada.

After having read this notice and you want to offer services as a commissioned sales agent, you must follow the following steps in order to proceed:

- 1. Provide a written summary of services you wish to provide. The lists is to include the equipment and quantities you want to market and the country(ies) you wish to market. This summary must include your basic strengths and why SCG should grant you such authority.**

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2. SCG will respond within 10 days of receipt of your summary.
 3. If SCG agrees and provides you with written authorization, then you must proceed with completing your comprehensive marketing plan as set forth.
 4. Sign below as appropriate and return two signed copies to SCG via postal service. Upon receipt, SCG will execute and return same to sales agent.
 5. Email a copy to SCG as an attachmet.

SMITH CONSULTING GROUP

By: _____
Billy P. Smith

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The undersigned, _____, acknowledges that he has read and understands the requirements of a Commissioned Agent as outlined in this notice of requirements of commissioned agent, and that he intends to submit to SCG a list of potential purchasers of the Surplus Assets. The undersigned acknowledges that SCG shall have 10 days to consider the list of potential purchasers, and to either accept or reject, in whole or in part, such list of potential purchasers.

In the event that SCG accepts any potential purchaser submitted by the undersigned, the undersigned understands that any proposed marketing plan must be submitted to SCG within 14 days following notification of acceptance. The submission and review of the marketing plan shall be in accordance with the procedures set forth in the notice of requirements of commissioned agent.

The undersigned further understands that the submission of a list of potential purchasers and/or a marketing plan does not constitute an agreement between the parties, either written or otherwise implied, authorizing the undersigned to act as a commissioned agent for SCG.

Your Company: _____

Signed By: _____

Printed Name: _____

Email: _____

Phone: _____

Blank for additional comments.