

CORBAN REVELL
L A W Y E R S

23 July 2008

Our ref: 27259.25 / Bruce Johnson

DLA Phillips Fox
Lawyers
DX CP24027

By fax : 303 2311

WITHOUT PREJUDICE

Dear Colleagues

SCOTTISH PACIFIC LIMITED - CINDERELLA NEW ZEALAND LIMITED - M J BLOMFIELD

1. Further to the above matter we have received further instructions from our above client to make the following settlement proposal for the monies outstanding to Scottish Pacific.
2. The proposal is as follows:
 - 2.1 Our client is the sole shareholder and director of the company called Black Developments Limited which owns a lifestyle block in Ruawai.
 - 2.2 The proposal involves giving a second mortgage security over the property to Scottish Pacific in return for the items listed below.
 - 2.3 The current situation in respect of the property is that it has a registered valuation of \$770,000.00. A copy of this valuation is **enclosed** together with a copy of the title. You will note that the first mortgagee is Basecorp Finance Limited. Basecorp currently have a first mortgage over the property securing \$418,000.00. Our understanding is that Basecorp will be seeking a first mortgage priority up to \$500,000.00.
 - 2.4 In return for granting the security over the property, our client requires the following:
 - 2.4.1 Scottish Pacific will transfer all its right and interest in the entire debt owed to it by Cinderella together with the securities to Black Developments Limited for \$190,000.00.
 - 2.4.2 Scottish Pacific shall lend this sum to BDL on the terms described hereafter.

Partners
Lawrence Ponniah
John P Kahukiwa
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Associates
Lisa Roberts
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Consultants
Philip G Revell
Alan P Goodwin
Brian PN Corban QSO.

2.4.3 \$190,000.00 shall be advanced to BDL as follows:

2.4.3.1 The term of the loan shall be one year

2.4.3.2 Interest shall be payable of 9% per annum with one interest payment being due at the end of the term of the loan unless the property is sold prior. In the event the property is sold prior, then your client will receive the full sum of \$190,000.00 together with interest accrued up to the date of settlement.

2.4.3.3 Security for the loan shall be a second mortgage over BDL's property in Ruawai

3. If Scottish Pacific are minded to accept this proposal, then we would suggest that the transaction proceed in the following way:

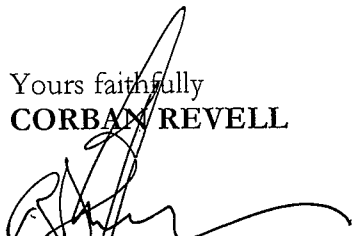
3.1 Scottish Pacific make a second mortgage advance to Black Developments Limited of \$190,000.00.

3.2 Contemporaneously Black Developments Limited will advance this sum to Matt Blomfield.

3.3 Matt Blomfield will contemporaneously pay the \$190,000.00 to Scottish Pacific in consideration of the settlement proposal described in this agreement.

4. We look forward to hearing from you in regards to this matter.

Yours faithfully
CORBAN REVELL



Bruce Johnson

Partner

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