

No. S124409
Vancouver Registry

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 *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF LEMARE HOLDINGS LTD., LEMARE LAKE LOGGING LTD.,
LONE TREE LOGGING LTD., C. & E. ROADBUILDERS LTD.,
COAST DRYLAND SERVICES LTD., DOMINION LOG SORT LTD.
AND CENTRAL COAST INDUSTRIES LTD.

PETITIONERS

NOTICE OF APPLICATION

Name(s) of applicant(s): Lemare Holdings Ltd., Lemare Lake Logging Ltd., Lone Tree Logging Ltd., C. & E. Roadbuilders Ltd., Coast Dryland Services Ltd., Dominion Log Sort Ltd. and Central Coast Industries Ltd.

To: All Parties of Record.

TAKE NOTICE that an application will be made by the applicants before Mr. Justice Grauer at the Courthouse at 800 Smith Street, Vancouver, BC, V6Z 2E1 on Thursday, the 11th day of September, 2014 at 9:00 a.m. for the Orders set out in Part 1 below.

Part 1: ORDER(S) SOUGHT

1. An Order in the form of Order attached hereto as Schedule "A" approving the Petitioners' Plan; and
2. Such further and other relief as this Honourable Court may order.

Part 2: FACTUAL BASIS

1. On June 21, 2012, the Honourable Mr. Justice Grauer pronounced an Initial Order in these proceedings pursuant to the provisions of the *Companies' Creditors Arrangement*

Act, R.S.C. 1985, c. C-36, as amended, which granted relief, including, inter alia, a stay of proceedings until 11:59 p.m. on July 20, 2012.

2. On July 20, 2012, the Petitioners applied for, and were granted, an extension of the relief in the Initial Order, including the stay of proceedings, to September 28, 2012. That relief has been extended by a series of subsequent orders and currently expires on November 30, 2014.
3. On May 21, 2014 Mr. Justice Grauer granted an order permitting the Petitioners to call a meeting of their creditors to vote on a Plan (the "**Meeting Order**").
4. The Meeting Order provided that the Petitioners were entitled to certain declarations (the "**Declarations**") in respect of a claim made by Concentra Financial Services Association and Concentra Trust. That claim is based upon a promissory note (the "**Opco Note**") that was given by Lemare Lake Logging Ltd. and others.
5. The Petitioners held a meeting of the Trade Creditors on July 8, 2014 to vote on the Plan.
6. The Plan was unanimously approved by the Trade Creditors.
7. It is a condition of the Plan that the Petitioners obtain the declarations sought in respect of the Opco Note. The Plan cannot be implemented until any appeals from that aspect of the Meeting Order have been resolved.
8. Concentra Financial Services Association obtained leave to appeal the declaration aspect of Meeting Order and the appeal was scheduled to be heard on August 14, 2014.
9. A comprehensive multi-party settlement has been reached between the Petitioners, Concentra Financial Services Association and Concentra Trust, 3L Cattle Company Ltd. and others (the "**Settlement**").
10. As a result of the Settlement the Appeal has been adjourned until November 5, 2014. Assuming the Settlement precedes the appeal will not be necessary and a consent order will be requested from the Court of Appeal.
11. The Settlement provides both financing for and a structure to effect a wind-up of a Retirement Compensation Agreement that is the basis for the \$10 million claim against the Petitioners under the Opco Note. In addition the Settlement effects a resolution of all outstanding disputes between the Petitioners and their principals on the one hand, and 3L Cattle Company Ltd. its principal and certain other related companies on the other hand.
12. It is anticipated that the Settlement will close on or before September 11, 2014.
13. The Petitioners need to exit from the CCAA process as soon as possible.
14. The Petitioners will not require the Declarations once the Settlement closes.

Part 3: LEGAL BASIS

1. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and in particular ss. 11, 11.02 and 19 thereof; and
2. The Pleading herein including the Monitor's Reports.
3. The inherent jurisdiction of this Honourable Court.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit of Eric Dutcyvich #19, sworn September 2, 2014;
2. Reasons for Judgment of Mr. Justice Grauer dated May 21, 2014.
3. Monitor's 13th and 14th Reports
4. The pleadings and other materials filed herein.
5. Such further and other material as counsel may advise and this Honourable Court may allow.

The applicant estimates that the application will take 10 minutes.

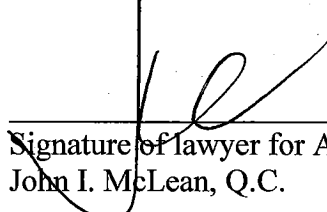
- ☐ This matter is within the jurisdiction of a master.
- ☒ This matter is not within the jurisdiction of a master. Mr. Justice Grauer is seized of this matter and this date has been set through Trial Scheduling.

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 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: September 3, 2014


Signature of lawyer for Applicants
John I. McLean, Q.C.

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 matter 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

SCHEDULE "A"

No. S124409
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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PETITIONERS

ORDER MADE AFTER APPLICATION

(Sanction Order)

BEFORE THE HONOURABLE)	THURSDAY, THE 11 TH DAY
)	
MR. JUSTICE GRAUER)	OF SEPTEMBER, 2014

THE APPLICATION of the Petitioners coming on for hearing before me this day at the Courthouse, 800 Smithe Street, Vancouver, British Columbia; AND UPON HEARING Colin D. Brousson, Counsel for the Petitioners, and other counsel as listed on **Schedule "A"** hereto; AND UPON READING the pleadings and materials filed herein; AND PURSUANT TO the provisions of the *Companies' Creditors Arrangement Act* R.S.C. c. C-36 (the "CCAA"), the *Business Corporations Act*, S.B.C. 2002, c.57, as amended, and the inherent jurisdiction of this Honourable Court:

THIS COURT ORDERS AND DECLARES that:

1. the time for service of the Notice of Application and the supporting material in respect of this Application be and is hereby abridged such that the application is properly returnable today, and, further, that any requirement for service of the Notice of Application and the supporting material upon any interested party, other than the parties herein mentioned, is hereby dispensed with;
2. except as otherwise provided herein, the relief and stay of proceedings granted to the Petitioners in the Initial Order of the Honourable Mr. Justice Grauer dated June 21, 2012, as subsequently amended and extended, is hereby confirmed and further extended to midnight on the Plan Implementation Date;
3. all capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Consolidated Plan of Arrangement, a copy of which is attached hereto as **Schedule "B"** (the "**Plan**");

Plan Approval

4. the notice of this Application for approval of the Plan, Notice to Creditors, Proxy, Meeting Order made May 21, 2014, the Plan, and Monitor's Report No. 13, were duly sent or delivered in accordance with the Meeting Order made May 21, 2014, and such sending or delivery is hereby deemed sufficient for the purposes of the CCAA;
5. notice of this Application has been provided to the Trade Creditors pursuant to the Meeting Order and further service on the Trade Creditors is hereby dispensed with;
6. the Meeting of the Creditors was duly convened and held on July 8, 2014 pursuant to the CCAA and the Orders of this Court;
7. the Plan has been voted on and approved by the requisite percentages of Trade Creditors under the Plan, in conformity with the Meeting Order and the CCAA;

8. the Plan, together with the compromises, arrangements, transactions, releases, discharges, injunctions and results provided therein and effected thereby, is both fair and reasonable and is in the best interests of the Trade Creditors and the other stakeholders of the Petitioners and is hereby sanctioned and approved pursuant to the provisions of the CCAA;

Filing of Certificate of Completion

9. upon satisfaction or waiver of the conditions set forth in the Plan, the Monitor shall issue and file with this Court a Plan Implementation Certificate which states that all conditions precedent to the Plan have been satisfied or waived, and the Plan Implementation Date shall be deemed to be the date of the filing of such certificate;

Plan Implementation

10. the Petitioners are hereby authorized and directed to take all steps and actions necessary or appropriate to enter into or implement the Plan in accordance with its terms, and enter into, implement and consummate the contracts, instruments, releases, and other agreements or documents to be created or delivered in connection with the Plan;
11. effective as of the Plan Implementation Date, the Plan, together with the compromises, arrangements, transactions, releases, discharges, injunctions and results provided therein, effected thereby and as provided in this Order, shall be binding and effective upon the Petitioners and the Trade Creditors, and subject to the provisions of the Plan and the performance by the Petitioners thereunder, the Petitioners shall be released from any and all indebtedness, obligations and liabilities, as and to the extent provided in the Plan and herein;
12. subject to the provisions of the Plan and the performance by the Petitioners thereunder, effective as of the Plan Implementation Date, all Claims of Trade Creditors shall be fully and finally settled in accordance with the Plan;

Releases

13. as of the Plan Implementation Date:

- (a) the Monitor shall be released and discharged from any and all claims, demands, and causes of action of any kind or nature arising out of or in any way connected with the Monitor having acted as Monitor in these CCAA Proceedings, the Plan, any claim by a Creditor or any other matter whatsoever, save and except for any acts of gross negligence or wilful misconduct;
- (b) all present directors and officers of any of the Petitioners shall be released and discharged in respect of those matters set out section 5.1(1) of the CCAA; and
- (c) the Petitioners and each of them shall be released and discharged from any Claim for which a proof of claim was not filed by the Claims Bar Date or Restructuring Claims Bar Date in accordance with the Claims Process Order (the “**Barred Claims**”);

provided that nothing herein shall:

- (d) release the Petitioners’ obligations under the Plan or any related document;
- (e) release or discharge a Claim which cannot be compromised under the CCAA;
- (f) affect the rights of any Person to recover indemnity from any insurance coverage under which that Person is an insured;
- (g) release any Exempted Claim.

Permanent Injunction

14. from and after the Plan Implementation Date, all Trade Creditors and Creditors with Barred Claims shall be permanently and forever barred, estopped, stayed and enjoined from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against the Petitioners or any of them and their respective successors, and assigns;
- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against the Petitioners or any of them and their successors and assigns;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim for contribution or indemnity from the Petitioners or any of them or might reasonably be expected to make such a claim for indemnity or contribution, in any manner or forum, against the Petitioners or any of them;
- (d) taking any actions which would interfere directly or indirectly with the implementation or consummation of the Plan.

Waiver of Defaults

15. from and after the Plan Implementation Date, all Creditors shall be deemed to have waived any and all defaults of the Petitioners or any of them now existing or previously committed or caused by the Petitioners or any of them, and all non-compliance with any covenant, warranty, representation, term, provision, condition, obligation, express or implied, in any contract, credit documents, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereof, existing between such Person and the Petitioners or any of them, including any default under a covenant

relating to any other affiliate, subsidiary or related company of the Petitioners or any of them and any and all notices of default and demands for payment under any instrument, including any guarantee, shall be deemed to have been rescinded;

16. any Creditor that has not filed a Proof of Claim as provided for in the Claims Process Order made by this Court on October 26, 2012 shall be and is hereby forever barred from making or enforcing any Claim against the Petitioners, or any of them, or making or enforcing any claim against the assets of the Petitioners or any of them arising out of or in any way connected directly or indirectly with a Claim, and any such Claim shall be forever extinguished;

General

17. the Petitioners are authorized at any time and from time to time to vary, amend, modify or supplement the Plan without the need for obtaining a further Order of the Court or providing notice to the Trade Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Trade Creditors under the Plan or this Order and is necessary in order to give effect to the substance of the Plan or this Order. If a material variation, amendment, modification or supplement is required by the Petitioners, such shall be permitted by further Court Order obtained on notice;
18. on or after the Plan Implementation Date, any and all restrictions imposed upon the Petitioners, including the ability to carry on business, make payments and grant security and incur obligations, by the Initial Order made herein on June 21, 2012, as amended, from time to time, or any other Order made in these proceedings or pursuant to the provisions of the CCAA, cease to apply;
19. Alvarez & Marsal Canada Inc. shall be discharged and released from its duties as Monitor in relation to the Petitioners upon filing of the Plan Implementation Certificate;

20. notwithstanding any other Order made in these proceedings, any requirement for assessment of the fees and disbursements of the Petitioners' counsel and/or the Monitor and its counsel is hereby dispensed with;
21. the Petitioners, the Monitor, and any other interested parties are hereby granted leave to apply to this Court for any directions or determinations required to resolve any matter or dispute relating to the Plan, any Claim that is being disputed pursuant to the Claims Process Order, this Order or the subject matter thereof and the rights and benefits thereunder, provided that no provision of this Order shall be construed to modify or impair any right, title, interest, privilege or remedy expressly provided for or reserved under the Plan;
22. approval of this Order as to form by counsel appearing on this application, other than counsel for the Petitioners, is hereby dispensed with.

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

APPROVED BY:

Colin D. Brousson
Counsel for the Petitioners

BY THE COURT

DISTRICT REGISTRAR

SCHEDULE "A"

LIST OF COUNSEL

COUNSEL	ACT FOR:

SCHEDULE "B"

No. S124409
Vancouver Registry

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PETITIONERS

CONSOLIDATED PLAN OF ARRANGEMENT

1. Consolidated Plan for Trade Creditors

1.1 This consolidated plan of arrangement (the "**Plan**") is submitted by the Petitioners pursuant to the *Companies' Creditors Arrangement Act*.

1.2 The Plan proposes a compromise with the Petitioners' Trade Creditors, and does not propose any compromise or arrangement of Creditors with Unaffected Claims.

1.3 The Trade Creditors are to be treated on a consolidated basis regardless of which particular Petitioner they dealt with, and the obligation to pay the Trade Creditors pursuant to this Plan is an obligation of each of the Petitioners.

2. Definitions

2.1 In this Plan:

"**Administrative Charge**" means the charge created in the CCAA Proceedings by Order made June 21, 2012, as amended;

"**Barred Claims**" means any Claim that has not been proven in accordance with the Claims Process Order;

"CCAA" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

"CCAA Charges" means, collectively, the Administration Charge and the D&O Charge, and any other charge over the Petitioners' assets created by other Order of the Court, as such terms are defined in the Initial Order dated June 21, 2012, and as such charges may be amended, modified or varied by further Order of the Court;

"CCAA Proceedings" means the proceedings commenced by the Petitioners in the Supreme Court of British Columbia under Action No. S124409, Vancouver Registry;

"Claim" means (i) any Pre-Filing Claim, (ii) any Restructuring Claim; or (iii) any Directors/Officers Claim; provided, however, that, in each case, a "Claim" shall not include an Exempted Claim;

"Claims Process Order" means the Order made in the CCAA Proceedings on October 26, 2012;

"Court" means the Supreme Court of British Columbia;

"Creditors" means any Person having a Claim;

"Creditors' Meeting" means the meeting of Creditors to vote on the Plan;

"Crown" means Her Majesty the Queen in Right of British Columbia;

"Crown Settlement Claim" means the amounts owing to the Crown pursuant to a Settlement Agreement and Release Agreement between the Petitioners and others on the one hand and the Crown on the other hand, settling amounts to be paid to the Crown in respect of assessments for stumpage, penalties and interest made by the Crown pursuant to the *Forest Act* and *Forest and Range Practices Act*;

"Director" means any Person who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director of any one or more of the Petitioners;

"Directors/Officers Claim" means any right or claim of any Person against one or more of the Directors and/or Officers that relates to a Pre-Filing Claim or a Restructuring Claim, howsoever arising, for which the Directors and/or Officers are by statute or otherwise by law liable to pay in their capacity as Directors and/or Officers;

"Disputed Creditor Claims" means the Claims set out in Schedule "B";

"Exempted Claim" means, subject to further Order of this Court:

- (a) any right or claim of any Person that may be asserted or made in whole or in part against the Petitioners (or any of them) in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first

incurred on or after the Filing Date (other than Restructuring Claims and Directors/Officers Claims) and any interest thereof, including any obligation of the Petitioners toward Creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to the Petitioners on or after the Filing Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods or materials, or advance of funds on or after the Filing Date;

- (b) any claim secured by any CCAA Charge;
- (c) any claim of The Toronto-Dominion Bank and TD Equipment Finance Canada Inc. secured by the Lender Charge (as defined in the Initial Order);
- (d) that portion of a Claim arising from a cause of action for which the Petitioners are covered by insurance, but only to the extent of such coverage;
- (e) any Intercompany Claim;
- (f) any Claim referred to in sections 6(3), 6(5) and 6(6) of the CCAA;
- (g) any Claim of any employee of the Petitioners (or any of them) employed by the Petitioners (or any of them) as of the Filing Date, but only in respect of a claim for wages, including vacation pay and banked time;
- (h) the Claim of Concentra Financial Services Association and Concentra Trust filed pursuant to the Claims Process Order;
- (i) any right or claim of the Crown for the performance of silviculture obligations; and
- (j) any claim by the Crown in respect of the Crown Settlement Claim.

"Filing Date" means June 21, 2012;

"Initial Order" means the Order of the Court in the CCAA Proceedings dated June 21, 2012, and as may be further amended, supplemented or varied by the Court;

"Intercompany Claim" means any Claim of a Petitioner against any other Petitioner or of any wholly-owned, direct or indirect non-Petitioner subsidiary of a Petitioner against any Petitioner;

"Meeting Order" means the Order made by Mr. Justice Grauer in the CCAA Proceedings on May 21, 2014;

"Monitor" means Alvarez & Marsal Canada Inc.;

"OPCO Note" means that certain promissory note dated January 2, 2003 in the amount of \$10 million between 621745 Saskatchewan Ltd., 3L Cattle Company Ltd., Lemare Lake Logging Ltd. and others, on the one hand, and 626309 Saskatchewan Ltd on the other.;

"Person" means any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate (including a limited liability company and an unlimited liability company), corporation, unincorporated association or organization, governmental authority, syndicate or other entity, whether or not having legal status;

"Plan Implementation Date" means the date the Monitor files the Plan Implementation Certificate as provided in paragraph 11.1 of this Plan;

"Pre-Filing Claim" means any right or claim of any Person that may be asserted or made in whole or in part against the Petitioners (or any of them), whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, in existence on, or which is based on, an event, fact, act or omission which occurred in whole or in part prior to the Filing Date, at law or in equity, by reason of the commission of a tort (intentional or unintentional), any breach of contract or other agreement (oral or written), any breach of duty (including, without limitation, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) or for any reason whatsoever against any of the Petitioners or any of their property or assets, and whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise, and whether or not any right or claim is executory or anticipatory in nature, including any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action whether existing at present or commenced in the future, together with any other rights or claims not referred to above that are or would be claims provable in bankruptcy had the Petitioners (or any of them) become bankrupt on the Filing Date, and includes for greater certainty any Tax Claim; provided, however, that "Pre-Filing Claim" shall not include an Exempted Claim;

"Proven Secured Creditors" means each of Bailey Western Star Trucks Inc., Christopher Carl Dutcyvich, Eric John Dutcyvich, Linda Dutcyvich, Ford Credit Canada Limited, John Deere Financial Inc. and SMS Equipment Inc.;

"Restructuring Claim" means any right or claim of any Person against the Petitioners (or any of them) in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Petitioners (or any of them) to such Person arising out of the restructuring, disclaimer, rescission, termination, or breach on or after the Filing Date of any contract, employment agreement, lease or other agreement or arrangement, whether written or oral, and whether such restructuring, disclaimer, rescission, termination or

breach took place or takes place before or after the date of the Claims Process Order, and includes for greater certainty any right or claim of any employee of any of the Petitioners arising from a termination of his or her employment after the Filing Date; provided, however that "Restructuring Claim" shall not include an Exempted Claim;

"Tax Claim" means any Claim against the Petitioners (or any of them) for any Taxes in respect of any taxation year or period ending on or prior to the Filing Date, and in any case where a taxation year or period commences on or prior to the Filing Date, for any Taxes in respect of or attributable to the portion of the taxation period commencing prior to the Filing Date and up to and including the Filing Date. For greater certainty, a Tax Claim shall include, without limitation, any and all Claims of any Taxing Authority in respect of transfer pricing adjustments and any Canadian or non-resident Tax related thereto;

"TD Prime Rate" means the annual rate of interest announced and adjusted at any time by the Toronto-Dominion Bank as its reference rate then in effect for determining interest rates it will charge on Canadian dollar commercial loans made by it in Canada, and which it may refer to as its "prime rate" or "prime lending rate";

"Trade Creditors" means those Creditors listed on Schedule "A" who have proven a Claim in accordance with the Claims Process Order and, the Creditors with Disputed Claims once those Claims have been settled in accordance with the Claims Process Order;

"Unaffected Claim" means:

- (a) the Claims of the Proven Secured Creditors; and
- (b) any Exempted Claim.

3. Payment of Administrative Charges and Priority CCAA Claims

3.1 The Petitioners will pay in full within ten (10) business days of the Plan Implementation Date the following:

- (a) all amounts owing in respect of the Administrative Charge; and
- (b) all amounts required to be paid pursuant to sections 6(3), 6(5) and 6(6) of the CCAA.

4. Payment to the Trade Creditors

4.1 Within ten (10) business days of the Plan Implementation Date the Petitioners will pay in respect of Trade Creditors whose proven Claim is \$5,000 or less, the lesser of \$5,000 or the amount of the proven Claim.

4.2 The balance of the Claims of the Trade Creditors will be paid in twelve (12) consecutive equal quarterly installments of principal payable every three months, the first payment to be

made within ten (10) business days of the Plan Implementation Date. In addition to payment of the full balance of the Trade Creditors' Claims the Trade Creditors will be entitled to interest on the amount of their Claims payable at the rate of the TD Prime Rate plus one half of one percent from and after the Plan Implementation Date. Interest is to be paid quarterly on the same date as principal payments of the Trade Creditors' Claims are to be made.

4.3 Disputed Creditor Claims will be paid as set out in this Plan once the dispute has been resolved and the amount of the Disputed Creditor Claim has been determined in accordance with the Claims Process Order, provided that any payment that would otherwise have been paid to in respect of such Disputed Trade Creditor Claim prior to the resolution of the dispute will be paid as soon as the Disputed Creditor Claim is resolved and any remaining payment will be made in accordance with the provisions of the Plan.

4.4 Proven Secured Claims are not affected by this Plan and will be paid by the Petitioners in accordance with the terms of the existing agreement or as may be agreed between the Petitioners and the Proven Security Creditors.

5. Default

5.1 Notwithstanding paragraphs 7 and 8 below, if the Petitioners fail to make any of the required payments pursuant to paragraph 4.1, 4.2, or 4.3 hereof within 10 days of the due date then the Trade Creditors will be entitled to accelerate the entire balance owing to them together with interest and to take proceedings against the Petitioners, or if applicable any directors or officers of the Petitioners, to enforce their claims.

5.2 The validity and amount of any Claim of the Trade Creditors shall be determined in accordance with the terms of the Claims Process Order.

5.3 Any Trade Creditor that has not filed a proof of claim prior to the Claims Bar Date as established by the Claims Process Order is forever barred from participating in this Plan, shall have no right to vote in respect of the Plan and shall not be entitled to receive any amounts payable under this Plan, and the Petitioners shall be forever released from any and all claims of and liabilities or obligations to any such Trade Creditor.

6. Creditor Class

6.1 The only class of Creditors for the purpose of voting on this Plan will be the Trade Creditors.

7. Releases

7.1 As of the Plan Implementation Date the following persons:

- (a) the Petitioners;
- (b) the Monitor and its legal counsel in the CCAA Proceedings;

- (c) all present directors, officers, and employees of the Petitioners in such capacity and not in any other capacity

(collectively the "**Released Parties**") shall be released and discharged from the following (collectively the "**Released Claims**"): any Claims and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligations, demand or cause of action of whatsoever nature which any Person may be entitled to assert, including any claims in respect of potential statutory liabilities of the present and former directors, officers and employees of the Petitioners and any alleged fiduciary or other duty, whether known or unknown, matured or unmatured, foreseen or unforeseen, now existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Petitioners and the CCAA Proceedings to the full extent permitted by law, and all Released Claims arising out of any such actions or omissions shall be forever waived and released (other than the right to enforce the Petitioners' obligations under this Plan) provided that nothing herein shall:

- (d) release or discharge a Released Party from a Claim which cannot be compromised under the CCAA;
- (e) affect the rights of any Person to recover indemnity from any insurance coverage under which that Person is an insured;
- (f) release or discharge any present or former director of the Petitioners with respect to matters set out in section 5.1(2) of the CCAA; or
- (g) release any Unaffected Claim.

8. Permanent Injunction

8.1 From and after the Plan Implementation Date, all Trade Creditors and all other Creditors with Barred Claims shall be permanently and forever barred, estopped, stayed and enjoined from:

- (a) commencing, conducting or continuing in any manner, directly or indirectly, any actions, suits, demands or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) with respect to a Claim, against the Petitioners or any of them and their respective representatives, predecessors, administrators, subsidiaries, affiliates, related companies, franchisees, member companies, vendors, partners, distributors, brokers, retailers, officers, directors, shareholders, employees, attorneys, sureties, insurers, successors, indemnitees, servants, agents and assigns, as applicable;

- (b) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order with respect to a Claim against the Petitioners or any of them and their respective representatives, predecessors, heirs, administrators, executors, subsidiaries, affiliates, related companies, franchisees, member companies, vendors, partners, distributors, brokers, retailers, officers, directors, shareholders, employees, attorneys, sureties, insurers, successors, indemnitees, servants, agents and assigns, or the property of such persons;
- (c) commencing, conducting or continuing in any manner, directly or indirectly, any action, suits or demands, including without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against the Petitioners or any of them; and
- (d) taking any actions which would interfere directly or indirectly with the implementation or consummation of this Plan.

9. Waiver of Defaults

9.1 From and after the Plan Implementation Date, all Creditors and other Persons shall be deemed to have waived any and all defaults of the Petitioners now existing or previously committed or caused by the Petitioners, and all non-compliance with any covenant, warranty, representation, term, provision, condition, obligation, express or implied, in any contract, credit document, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereof, existing between such Person and the Petitioners or any of them, including any default under a covenant relating to any other affiliate, subsidiary or related company of the Petitioners or any of them and any and all notices of default and demands for payment under any instrument, including any guarantee, shall be deemed to have been rescinded. This paragraph does not apply in respect of a claim against the Petitioners pursuant to the Opco Note.

10. Conditions Precedent to the Plan

10.1 The Plan is subject to the following conditions being either satisfied or waived by the Petitioners:

- (a) the Plan being approved by the required majority of Creditors in accordance with the CCAA;
- (b) an order being made by the Court in the CCAA Proceedings approving the Plan in a form acceptable to the Petitioners, or any of them, including a declaration that the holder of the OPCO Note is not entitled to receive any payment in respect of any amounts claimed to be owing by the Petitioners until the remaining debts of

the Petitioners, including the Trade Creditors, have been paid in full on the terms set out in the Meeting Order (the "Approval Order");

- (c) the appeal period in respect of the Approval Order and the Meeting Order having expired with no appeal having been filed or if filed, the appeal having been dismissed.

11. Plan Implementation

11.1 The Monitor will file a Certificate with the Court once all the conditions precedent in paragraph 10 of this Plan have been either satisfied or waived (the "Plan Implementation Certificate").

11.2 The Monitor will be discharged without further Order upon the Plan Implementation Certificate being filed.

11.3 The requirement for the Monitor to have its fees and disbursements, including the legal fees of its counsel, approved is dispensed with.

11.4 Upon payment of the amount owing under the Administrative Charge by the Petitioners, the Administrative Charge is released.

12. Modification of Plan

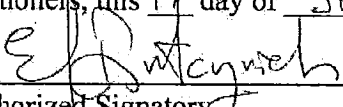
12.1 The Petitioners reserve the right to file any modification of, or amendment or supplement to, this Plan by way of a supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) filed with the Court at any time, or from time to time, prior to the Creditors' Meeting, in which case any such supplementary plan or plans of reorganization, compromise or arrangement (or any one or more thereof) shall, for all purposes, be and be deemed to be a part of and incorporated into this Plan. The Petitioners shall give notice to the Trade Creditors of the details of any such modification, amendment or supplement at the Creditors' Meeting prior to the vote being taken to approve this Plan. The Petitioners may give notice of a proposed modification, amendment or supplement to this Plan at or before the Creditors' Meeting by notice in writing which shall be sufficient if given to those Trade Creditors present at such meeting in person or by proxy and any and all voting letters or proxies shall continue to be valid in respect of any modification, amendment or supplement to the Plan. After the Creditors' Meeting (and both prior to and subsequent to obtaining of the Approval Order), the Petitioners may at any time and from time to time vary, amend, modify or supplement this Plan without the need for obtaining an order of the Court or providing notice to the Trade Creditors if the Monitor determines that such variation, amendment, modification or supplement would not be materially prejudicial to the interests of the Creditors under this Plan or the Approval Order and is necessary in order to give effect to the substance of this Plan or the Approval Order. In the event a material variation, amendment, modification or supplement is required by the Petitioners, such shall be permitted by Court order.

12.2 Without limiting the generality of paragraph 12.1 of this Plan, the Petitioners may, at any time after obtaining the Approval Order call a meeting of the Trade Creditors to consider and vote on an amendment to this Plan to permit payment of an amount to resolve and settle any

liability of the Petitioners, if any, in respect of the Opco Note. Any such meeting shall be called in accordance with the Meeting Order with such amendments as may be approved by the Monitor. Any such amendment will require Court Approval.

12.3 Sections 38 and 95-101 of the *Bankruptcy and Insolvency Act* R.S.C 1985 as amended do not apply to this Plan.

This Plan of Arrangement is submitted by the
Petitioners, this 17 day of June, 2014.



Authorized Signatory

Schedule A

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57, AS AMENDED AND
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LEMARE HOLDINGS LTD.,
LEMARE LAKE LOGGING LTD., LONE TREE LOGGING LTD., C. & E. ROADBUILDERS LTD.,
COAST DRYLAND SERVICES LTD., DOMINION LOG SORT LTD. AND CENTRAL COAST INDUSTRIES LTD.**

Trade Creditors

	Name	Accepted Claim (\$)
1	444466 BC Ltd. Dba ABC Printing & Signs	\$ 75.04
2	0702344 BC LTD. O/S ROADRANGER FREIGHT	1,384.78
3	99 TRUCK PARTS & INDUSTRIAL EQUIPMENT LTD.	168.00
4	A STEP A-HEAD ENGINE & MACHINE	22,513.75
5	A.C.E. COURIER SERVICES	417.86
6	A.J. FORSYTH	16,719.53
7	A-1 RADIATORS LTD.	5,156.48
8	Accurate Fabricating Ltd.	13,428.80
9	ACCU-TECH TORCH & REGULATOR REPAIR	960.16
10	ACKLANDS-GRAINGER INC.	17,540.11
11	ADP DISTRIBUTORS INC.	4,227.76
12	AL GRANT SIGNS	1,550.08
13	ALSCO UNIFORM & LINEN SERVICES	3,253.33
14	ANDREW SHERET LIMITED	392.62
15	ARCTEC ALLOYS LIMITED	1,405.72
16	B.C. Hydro c/o Credit Administration	13,389.97
17	BARRIE BROWN NISSAN	300.09
18	BC BEARING ENGINEERS div. of MOTION CANADA	11,649.57
19	BELL DISTRIBUTION	638.23
20	BELL MOBILITY INC.	841.90
21	BLACK PRESS GROUP LTD.	751.54
22	B-LINE TIRE & AUTO SUPPLY (BC)	2,543.41
23	BRANDT TRACTOR LTD	4,256.03
24	C.A.B.	15,697.68
25	C.R. METAL FABRICATORS LTD.	8,364.89
26	CANADIAN FORESTS WEBSITE	140.00
27	Canon Canada Inc.	683.56
28	Cansel Survey Equipment Inc.	8,781.70
29	CENTRAL TRACTOR PARTS INC	10,723.20
30	Chevron Canada Limited	27,775.54
31	Cloverdale Paint Inc.	2,211.69
32	COAST FOREST INDUSTRIES LTD	34,869.75
33	COAST INDUSTRIAL MACHINING LTD	28,044.80
34	COAST INDUSTRIAL REFRIGERATION	828.80
35	COKELY WIRE ROPE LTD	3,082.95
36	Commercial Truck Equipment Co.	2,800.00
37	COMOX PACIFIC EXPRESS LTD	16,173.36
38	COPCAN CONTRACTING LTD	2,432.58
39	COPPER AND BRASS SALES	2,529.01
40	COULTER BAY SAWMILLS, MARINE DIV	952.16
41	Cowichan Hydraulic Equipment Service & Supply Ltd.	10,865.67
42	CR SIGNS	2,073.01
43	CR-92 Holdings Ltd. Dba Coastal Mountain Fuels	39,073.22
44	Cross Automotive & Marine Ltd	3,569.36
45	CULLEN DIESEL POWER LTD.	3,598.31
46	DAVIS LLP	1,279.40
47	DELOITTE & TOUCHE LLP	2,216.48
48	Discovery Diesel Electric 06 Ltd	3,870.72
49	DS AUTOMOTIVE PARTS	2,124.64

Schedule A

Trade Creditors

	Name	Accepted Claim (\$)
50	DUNCAN BAY BARGE TERMINAL LTD.	224.00
51	DYNO NOBEL CANADA INC	104,650.46
52	ENFOR CONSULTANTS LTD.	4,304.16
53	EQUIPMENT SALES & SERVICE LTD.	16,540.61
54	Express Custom Trailer Mfg. Inc.	9,225.72
55	FALL TECH LOGGING LTD.	7,129.55
56	FASTENAL CANADA	4,274.35
57	FAUCHER INDUSTRIES	1,553.46
58	Finning (Canada) A Division of Finning International Inc.	26,826.71
59	Fountain Tire Ltd.	32,615.77
60	FOX'S DISPOSAL SERVICES	1,261.75
61	FRONTLINE GLASS SOLUTIONS	3,054.20
62	Furney Distributing Ltd	178,694.71
63	GANNET DIESEL SERVICE LTD	16,164.98
64	GREGG DISTRIBUTORS (NANAIMO)LT	2,587.23
65	GREYHOUND COURIER EXPRESS	50.95
66	GUILLEVIN INTERNATIONAL INC	3,024.52
67	HAIDAWAY MOTOR INN	296.40
68	HARBOUR SIGNS LTD.	48.22
69	HARDY SOUND LTD	246.38
70	HAYES FOREST SERVICES LTD	33,600.00
71	HEIDEMA ENGINEERING LTD	556.51
72	Hetherington Industries Ltd.	1,966.16
73	HIWAY REFRIGERATION LTD	1,277.69
74	HYDRAULIC SUPPLY	909.09
75	HYDRAULIC TECHNOLOGIES INC.	8,217.11
76	INFOSAT COMMUNICATIONS	68.10
77	Inland Kenworth, a Partnership dba Inland Kenworth	19,432.96
78	ISLAND GEM WATER	365.00
79	ISLAND MICROSYSTEMS LTD.	1,181.82
80	ISLAND ROPES LTD.	107,060.32
81	JJ88 INVESTMENTS Inc - DALEWOOD INN	912.00
82	JM'S MOBILE WELDING INC.	604.80
83	K&K Industrial Installations (1997) Ltd	1,556.26
84	KAL TIRE	20,059.63
85	Kaman Industrial Technologies	3,036.97
86	KINGSWAY GLASS LIMITED	1,142.27
87	KONECRANES CANADA INC	5,215.12
88	L.G.N. TRUCKING & COURIER	212.80
89	LANGLEY EXCAVATOR PARTS EXCHANGE INC	560.00
90	LEAVITT MACHINERY	507.07
91	LEEMAR EXCAVATOR COMPONENTS INC.	6,720.00
92	LINDE CANADA	2,015.66
93	Loomis Express, a div of TFI Transport 22 L.P.	583.64
94	LORDCO AUTO PARTS LTD	56,036.12
95	LRJ TRUCKING LTD	392.00
96	Macandale's	13,217.14
97	Marcel's Equipment Ltd. Dba Great West Equipment	34,462.87
98	MarketPlace IGA 020	2,305.09
99	MENZIES TRANSPORT LTD.	3,090.64
100	Micron Machine Works 2010 Ltd	1,741.10
101	MILL-LOG WILSON EQUIPMENT	161.06
102	MONK OFFICE SUPPLY LTD.	3,495.40
103	MORAX INDUSTRIAL TOOL REPAIR	575.75
104	MORFCO SUPPLIES LTD	4,217.36

Schedule A

Trade Creditors

	Name	Accepted Claim (\$)
105	Morgan Industrial Supply Ltd dba Morgan Brake & Clutch	23,320.88
106	NATIONAL PROCESS EQUIPMENT	401.52
107	NEW LINE HOSE & FITTINGS	463.55
108	NORTH COAST COLLISION LTD.	232.08
109	NORTH ISLAND CHROME	10,756.79
110	NORTH ISLAND COMMUNICATIONS	627.17
111	North Island Pacific Parts & Sales Ltd.	18,431.87
112	NORTHERN LIGHTS RESTAURANT	1,316.99
113	NORTHERN ROPES & INDUSTRIAL SUPPLY	4,350.50
114	O.M.M.C. LOGGING SUPPLIES	13,272.00
115	OLYMPIC DRIVES & EQUIPMENT LTD.	2,033.92
116	Orkin Canada Corporation	67.20
117	PACIFIC BOLT MANUFACTURING LTD.	435.05
118	PACIFIC COASTAL AIRLINES	364.38
119	PAYNE'S MARINE SUPPLY GROUP	2,859.88
120	PENNER'S HEAVY DUTY PARTS & SERVICE	11,071.10
121	PINNACLE DRILLING PRODUCTS LP	1,749.66
122	PIONEER PARTS REBUILDING LTD.	29,620.70
123	PORT ALICE PETROLEUM PRODUCTS	368.02
124	PORT HARDY AUTO PARTS LTD	4,800.90
125	PORT MCNEILL ENTERPRISES	425.60
126	PRAXAIR DISTRIBUTION	19,171.63
127	PREMA ISLANDS LTD.	1,013.24
128	Progressive Diesel Ltd.	3,203.88
129	QUALITY SCALING & GRADING LTD.	14,142.72
130	QUINSAM COMMUNICATIONS GROUP	8,084.76
131	RED-D-ARC LTD	2,209.89
132	REDDEN NET CO. (PORT HARDY) LTD.	815.64
133	Rice Creek R.V. Park	300.00
134	RIVER CABLE LTD	14,560.00
135	Robert Half Canada Inc.	50,400.00
136	SARATOGA VENTURES LTD	6,720.00
137	SHARP-RITE GRINDINGS (B.C.) INC	71.40
138	SHOP-RITE	3,813.97
139	STEVE MARSHALL FORD	34,581.73
140	STORMAWAY TOWING LTD	3,360.00
141	Strathcon Industries Inc.	522.75
142	STRYKER ELECTRONICS	25.70
143	SUPER VALU PT.MCNEILL	3,205.38
144	SUPERIOR PROPANE INC	1,979.93
145	Switchback Systems Corp.	2,181.22
146	TAHSIS SUPERMARKET	18,557.01
147	TEAM TUBE	8,947.11
148	TELUS COMMUNICATIONS	1,233.06
149	THE TRUCK LOGGERS ASSOCIATION	3,080.00
150	THOMAS SKINNER & SON LTD.	590.13
151	THUNDER & LIGHTNING WELDING LTD.	472.50
152	THUNDER BAY AIRPORT SERVICES INC.	1,891.39
153	T-MAR INDUSTRIES LTD.	19,503.15
154	TRADETEC COMPUTER SYSTEMS LTD.	729.96
155	Traxxon Rock Drills Ltd	5,503.93
156	TWOFOURONE CONSULTING LTD	1,129.57
157	VANCOUVER TRACPARTS LTD.	6,344.80
158	VICTORIA BATTERY LTD.	5,319.99
159	Wainbee Ltd	3,175.39

Schedule A

Trade Creditors

	Name	Accepted Claim (\$)
160	WAJAX INDUSTRIES LTD	39,884.41
161	WELLINGTON FOUNDRY LTD.	73.30
162	WEST COAST HELICOPTERS	4,745.47
163	West World	743.68
164	WESTERN EQUIPMENT LTD	11,793.62
165	WINDSOR PLYWOOD	1,917.52
166	Woss General Store Ltd.	531.34
167	WRIASON SEALS LTD.	295.27
168	WURTH CANADA LIMITED	385.45
169	YORK PORTABLE MACHINE TOOLS	172.48
170	ZIMMFOR MANAGEMENT SERVICES LTD	10,612.78
Total Trade Creditors		\$ 1,553,523.79

Schedule B

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57, AS AMENDED AND
IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LEMARE HOLDINGS LTD.,
LEMARE LAKE LOGGING LTD., LONE TREE LOGGING LTD., C. & E. ROADBUILDERS LTD.,
COAST DRYLAND SERVICES LTD., DOMINION LOG SORT LTD. AND CENTRAL COAST INDUSTRIES LTD.

Disputed Creditor Claims

Name		Accepted Claim (\$)	Disputed Claim Amount (\$)
1	Canada Revenue Agency	-	254,116.74
2	Dave Landon Motors Ltd.	-	872.83
3	Her Majesty the Queen in Right of the Province of British Columbia	-	43,129.83
4	Maxim Fleischeuer and Karin Fleischeuer	-	34,561.01
Total Disputed Creditor Claims		\$ -	\$ 332,680.41

No. S124409
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 *BUSINESS CORPORATIONS*
ACT, S.B.C. 2002, C. 57, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LEMARE HOLDINGS LTD.,
LEMARE LAKE LOGGING LTD., LONE TREE LOGGING
LTD., C. & E. ROADBUILDERS LTD., COAST DRYLAND
SERVICES LTD., DOMINION LOG SORT LTD. AND
CENTRAL COAST INDUSTRIES LTD.

PETITIONERS

SANCTION ORDER

GOWLING LAFLEUR HENDERSON LLP
Barristers & Solicitors
Suite 2300, 550 Burrard Street
Vancouver, BC V6C 2B5

Tel. No. 604.683.6498
Fax No. 604.683.3558

File No. V41031

JIM/msh

No. S-124409
Vancouver Registry

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 *BUSINESS CORPORATIONS ACT*,
S.B.C. 2002, c. 57, AS AMENDED

AND

IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF LEMARE HOLDINGS LTD., LEMARE
LAKE LOGGING LTD., LONE TREE LOGGING LTD., C. &
E. ROADBUILDERS LTD., COAST DRYLAND SERVICES
LTD., DOMINION LOG SORT LTD. AND CENTRAL COAST
INDUSTRIES LTD.

PETITIONERS

NOTICE OF APPLICATION
(Sanction Order)

GOWLING LAFLEUR HENDERSON LLP
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Vancouver, BC V6C 2B5

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