



NO. S-138873  
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 AND ARRANGEMENT  
OF ARTHON INDUSTRIES LIMITED, ARTHON CONTRACTORS INC.,  
ARTHON EQUIPMENT LTD., COALMONT ENERGY CORP.,  
ROBEKA PROJECTS INC. and 0755049 B.C. LTD.

PETITIONERS

**ORDER MADE AFTER APPLICATION**

BEFORE	)	THE HONOURABLE	)	FRIDAY, THE 28 <sup>TH</sup> DAY OF
	)	MR. JUSTICE SEWELL	)	NOVEMBER, 2014
	)		)	

THE APPLICATION of Arthon Industries Limited ("**Industries**") coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, on this day; AND ON HEARING Mary I.A. Buttery and H. Lance Williams, counsel for the Petitioners, and those other counsel listed on **Schedule A** hereto; AND UPON READING the materials filed herein;

THIS COURT ORDERS THAT:

1. All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Plan, and the following terms in this Order shall have the following meanings:
  - (a) "**Additional Information**" has the meaning ascribed in paragraph 7 below;
  - (b) "**Applicant**" means Arthon Industries Limited;
  - (c) "**CCAA**" means the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended;

- (d) "**Creditors' Meeting Date**" means December 15, 2014 at 11:00 a.m. (Vancouver, B.C. time), subject to any adjournment, postponement, other rescheduling or further order of this Court;
- (e) "**Designated Newspapers**" means the Vancouver Sun and the Kelowna Daily Courier;
- (f) "**Meeting Materials**" means collectively the Plan, the Notice to Creditors, the Plan Information Letter, the Proxy and the Monitor's report in respect of the Plan;
- (g) "**Monitor**" means Alvarez & Marsal Canada Inc. in its capacity as court- appointed Monitor pursuant to the provisions of the CCAA and this Order;
- (h) "**Monitor's Website**" means <http://www.alvarezandmarsal.com/arthon>;
- (i) "**Notice to Creditors**" means a notice of this Order and of the Creditors' Meeting advising as to the Creditors' Meeting Date, substantially in the form attached hereto as **Schedule C**;
- (j) "**Plan**" means the plan of compromise and arrangement of Industries substantially in the form attached hereto as **Schedule B**;
- (k) "**Plan Information Letter**" means the information letter relating to the Plan, substantially in the form attached hereto as **Schedule D** and any amendment, variation or supplement thereto;
- (l) "**Proxy**" means the form of proxy and instructions, substantially in the form attached hereto as **Schedule E** or such other prior irrevocable proxy in a form acceptable to the Monitor;
- (m) "**Sanction Hearing**" means the hearing of the application for the Sanction Order;
- (n) "**Sanction Order**" means an order of this Court sanctioning the Plan;
- (o) "**Service List**" means the service list posted on the Monitor's Website, as amended from time to time; and
- (p) "**Voting Record Date**" means December 14, 2014.

## APPROVAL OF PLAN OF ARRANGEMENT

2. The Plan is hereby accepted for filing and the Applicant is hereby authorized to present the Plan to the Affected Creditors for their consideration in accordance with the terms of this Order and to

seek approval of the Plan by the Affected Creditors at the Creditors' Meeting in the manner set forth herein.

3. The Applicant, in consultation with the Monitor, is hereby authorized to file any modification, amendment or supplement of the Plan prior to the Creditors' Meeting or at the Creditors' Meeting without the need to obtain an order of this Court if the Monitor determines that such modification, amendment or supplements would not be materially prejudicial to the interests of the Affected Creditors under the Plan, in which case such modification shall, for all purposes, form part of and be incorporated into the Plan. The Applicant or the Monitor shall give notice of any modification of the Plan at the Creditors' Meeting prior to the vote being taken to approve the Plan. The Monitor shall post on the Monitor's Website, as soon as possible, any modification, with notice of such posting forthwith provided to the Service List.
4. After the Creditors' Meeting (and both prior and subsequent to the obtaining of the Sanction Order), the Applicant, in consultation with the Monitor may, at any time and from time to time modify, amend, vary or supplement the Plan (a) without the need to obtain an order of this Court or providing notice to the Affected Creditors if the Monitor determines that such modification, amendment, variation or supplement would not be materially prejudicial to the interests of the Affected Creditors under the Plan or the Sanction Order and is necessary in order to give effect to the substance of the Plan or the Sanction Order; or (b) on application to the Court. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to the Plan, with notice of such posting forthwith provided to the Service List.

#### **CLASSIFICATION OF CREDITORS**

5. For the purposes of considering and voting on the Plan, there shall be one class of creditors consisting of the Affected Creditors.

#### **NOTICE OF CREDITORS' MEETING**

6. The Monitor is hereby authorized to convene, hold, and conduct the Creditors' Meeting on the Creditors' Meeting Date at the offices of Davis LLP, located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, Canada, for the purpose of considering and, if deemed advisable, approving the Plan, unless the Chair, in accordance with paragraphs 18 and 21 hereof decides to adjourn, postpone or otherwise reschedule the Creditors' Meeting.
7. The Notice to Creditors, the Plan Information Letter and the Proxy are hereby approved. The Applicant is hereby authorized to make such modifications, amendments or supplements ("**Additional Information**") to such materials (other than the Plan, which may only be modified,

amended or supplemented in accordance with the terms of this Order) as the Applicant, in consultation with the Monitor, may determine, and the Monitor shall distribute or make available such Additional Information by one or more of the following methods determined in its discretion in consultation with the Applicant: (a) posting on the Monitor's Website; (b) newspaper advertisement in the Designated Newspapers; (c) pre-paid regular mail, e-mail, fax or delivery (in person or by courier); (d) except for the Proxy, distribution at the Creditors' Meeting; or (e) such other reasonably practicable method in the circumstances.

8. A summary of the Notice to Creditors in a form acceptable to the Monitor shall be published by the Monitor in the Designated Newspapers as soon as possible following the issuance of this Order.
9. No later than December 5, 2014 the Monitor shall publish the Meeting Materials on the Monitor's Website.
10. The Monitor shall send to each of the Affected Creditors, by prepaid regular mail, courier, fax or e-mail, at:
  - (a) the address appearing on an Affected Creditor's Proof of Claim filed pursuant to the Claims Procedure Order, or
  - (b) if no Proof of Claim was filed and the Affected Creditor was sent a Claim Amount Notice at the address the Claim Amount Notice was sent,

the Meeting Materials by no later than December 5, 2014 and advising that all Meeting Materials may be obtained from the Monitor's Website.

11. The publications referred to in this Order and transmission and delivery in accordance with the terms of this Order, shall constitute good and sufficient service of the Meeting Materials on all Persons who may be entitled to receive notice thereof, or of these proceedings affecting the Applicant, or who may wish to be present in person or represented by proxy at the Creditors' Meeting, or who may wish to appear in these proceedings, and no other form of notice or service needs to be made on such Persons, and no other document or material needs to be served on such Persons in respect of these proceedings to the extent they affect the Applicant. All provisions of any act or regulation requiring notice to any party is hereby abridged to reflect the terms hereof, and compliance with the terms hereof shall be good and sufficient service.
12. The accidental omission to transmit or deliver the Meeting Materials by the Monitor or the non-receipt of such materials by one or more Persons specified herein shall not invalidate the passing of any resolution or any other proceedings taken at the Creditors' Meeting.

13. The amount of an Affected Creditor's Voting Claim shall be the amount of the Affected Creditor's Proven Claim as at the Voting Record Date.
14. Peter Gibson of the Monitor or such other representative of the Monitor as it may designate, shall preside as the Chair of the Creditors' Meeting and, subject to this Order or any further order of this Court, shall decide all matters relating to the conduct of the Creditors' Meeting.
15. The Monitor may appoint scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Creditors' Meeting and any person to act as secretary at the Creditors' Meeting.
16. The only Persons entitled to attend and speak at the Creditors' Meeting are:
  - (a) Affected Creditors with Voting Claims or their proxy holders;
  - (b) Affected Creditors having Disputed Claims as at the Voting Record Date or their proxy holders;
  - (c) representatives of the Applicant;
  - (d) representatives of the Monitor;
  - (e) the Chair;
  - (f) any other Person admitted on invitation of the Chair; and
  - (g) legal counsel to any Person entitled to attend the Creditors' Meeting.
17. Any Proxy that an Affected Creditor wishes to submit in respect of the Creditors' Meeting (or any respective adjournment, postponement or other rescheduling thereof) must be substantially in the form of Proxy sent by the Monitor (or in such other form acceptable to the Monitor or the Chair), and shall either be:
  - (a) received by the Monitor at its office located at 400 Burrard Street, Suite 1680, Vancouver, British Columbia, V6C 3A6, Canada (Attention: Marianna Lee, Fax no.: 604.638.7441, E-mail: marianna.lee@alvarezandmarsal.com) prior to 5:00 p.m. (Vancouver, B.C. time) on December 14, 2014; or
  - (b) deposited with the Chair at the Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of the Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof).

18. In the absence of instruction to vote for or against the approval of the Plan in a duly signed and returned Proxy, the Proxy shall be deemed to include instructions to vote for the approval of the Plan.
19. In the absence of a vote against the approval of the Plan (in person or by proxy), all Affected Creditors with a Proven Claim of less than \$5,000.00 will be deemed to vote in favour of the Plan.
20. The quorum required at the Creditors' Meeting shall be one (1) Affected Creditor present in person or by proxy and entitled to vote at the Creditors' Meeting. If the requisite quorum is not present at the Creditors' Meeting, then the Creditors' Meeting shall be adjourned by the Chair.
21. The Chair is hereby authorized, in its sole and absolute discretion, to adjourn, postpone or otherwise reschedule the Creditors' Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene the Creditors' Meeting for the purpose of any adjournment, postponement or other rescheduling thereof). The Chair shall decide on the manner of giving notice to the Affected Creditors of the rescheduled meeting and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Monitor's Website.

#### **VOTING PROCEDURE AT CREDITORS' MEETING**

22. At the Creditors' Meeting, the Chair shall direct the votes with respect to the resolution to approve the Plan and any amendments, variations or supplements to the Plan that are made in accordance with the terms thereof.
23. The vote required to pass any resolution to be voted on at the Creditors' Meeting to approve, amend, vary or supplement the Plan, shall be decided by the affirmative vote of at least the Required Majority of the votes cast on such resolution on a vote by ballot, and any other matter submitted for a vote at the Creditors' Meeting shall be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his or her sole and absolute discretion, to hold such vote by way of ballot.
24. The only Persons entitled to vote at the Creditors' Meeting shall be Affected Creditors with Voting Claims as of the Voting Record Date and their proxy holders. For the purposes of counting and tabulating the votes at the Creditors' Meeting, each Affected Creditor with one or more Voting Claims shall be entitled to one (1) vote and the weight attributed to such vote (for the purposes of determining the Required Majorities) shall be equal to the aggregate Canadian dollar value of such Affected Creditor's Voting Claims (if necessary, converted into Canadian dollars in accordance with the terms of this Order).

25. If the amount of the Affected Claim of any Affected Creditor is not resolved for voting purposes before the Voting Record Date in accordance with the Claims Procedure Order, this Order or further order of this Court, such Affected Creditor shall be entitled to vote at the Creditors' Meeting based on that portion of its Affected Claim that has been accepted for voting purposes by the Monitor, without prejudice to the rights of the Applicant or the Affected Creditor with respect to the final determination of the Affected Creditor's Affected Claim for distribution purposes in accordance with the terms of the Claims Procedure Order, this Order, and the Plan. Affected Creditors having Disputed Claims as at the Voting Record Date shall have their voting intentions with respect to the amounts of their Claims that have been disputed or disallowed recorded by the Monitor and reported to this Court in accordance with the terms of this Order.
26. An Affected Creditor's Voting Claim shall not include fractional numbers and Voting Claims shall be rounded down to the nearest whole Canadian dollar amount.
27. No Affected Creditor shall be entitled to bifurcate or sub-divide an Affected Claim for purposes of voting or distribution.
28. The Monitor shall keep records and tabulations of all votes cast at the Creditors' Meeting.
29. No distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim and the Monitor shall establish the Disputed Claims Reserve to be held and distributed in accordance with the Plan.

#### **NOTICES AND COMMUNICATIONS**

30. Any document sent by the Monitor or the Applicant pursuant to this Order may be sent by prepaid regular mail, courier, fax or e-mail. Subject to the terms of this Order, any Person shall be deemed to have received any document sent pursuant to this Order four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, e-mail or fax. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application.

#### **SANCTION HEARING**

31. The Monitor shall report to this Court no later than two (2) Business Days after the Meeting with respect to:
  - (a) the results of the voting to approve the Plan;
  - (b) the effect on the results of the vote had the Affected Creditors holding Disputed Claims also voted the amount of their Disputed Claims for voting purposes; and

- (c) any other matter that the Monitor considers relevant with respect to the Sanction Hearing.
32. Subject to further order of this Court, if the Plan has been accepted by the Required Majority, the Sanction Hearing shall take place on December 19, 2014.
33. A copy of the Notice of Application seeking the Sanction Order shall be published on the Monitor's Website as soon as possible after it is filed with this Court.
34. Publication of the Notice to Creditors and this Order and the delivery of the Meeting Materials pursuant the terms of this Order shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service needs to be made and no other materials need to be served on such Persons in respect of the Sanction Hearing.
35. Any Person intending to object to the application seeking the Sanction Order shall file with this Court:
- (a) an Application Response in the form prescribed by the *Supreme Court Civil Rules* setting out the basis for such opposition; and
  - (b) a copy of the materials to be relied upon by such Person in opposing the application for the Sanction Order, and shall effect service of same upon counsel to the Applicant and the Monitor, and upon the Persons listed on the Service List, before 6:00 p.m. (Vancouver, B.C. time) on the date that is one (1) day before the Sanction Hearing.
36. In the event that the Sanction Hearing is adjourned, postponed or otherwise rescheduled, only those Persons listed on the Service List or that have filed and served an Application Response in accordance with this Order are required to be served with notice of the adjourned, postponed or otherwise rescheduled date.

#### **GENERAL**

37. The aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory of Canada or any court or any judicial, regulatory or administrative body of the United States of America and of any other nation or state be requested to act in aid of and to be complementary to this Court in carrying out the terms of this Order, including the registration of this Order in any office of public record by any such court or administrative body or by any Person affected by this Order.



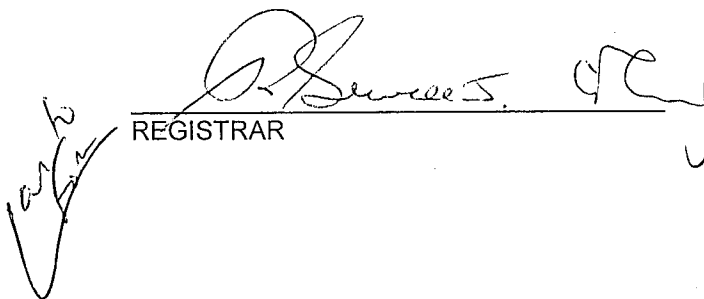
38. For the purposes of determination of the value of Affected Claims denominated in currencies other than Canadian dollars for voting and distribution purposes, such Affected Claims shall be converted by the Monitor to Canadian dollars in accordance with the Plan.
39. The Monitor shall use reasonable discretion as to the adequacy of completion and execution of any document completed and executed pursuant to this Order and may waive strict compliance with the requirements of this Order as to the completion and execution of documents.
40. The Applicant or the Monitor may apply to this Court for advice and directions and such further orders to give effect to this Order and in connection with the discharge or variation of their powers and duties under this Order.
41. The endorsement of the form of this Order by the counsel set out in Schedule A hereto is hereby dispensed with.

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



Signature of lawyer for the Petitioners  
Davis LLP (Mary I.A. Buttery and H. Lance Williams)

BY THE COURT

  
REGISTRAR

**SCHEDULE A**  
**LIST OF COUNSEL**

<b>Counsel List</b>	
<b>Name</b>	<b>Party Represented</b>
Magnus Verbrugge	Callidus Capital Corporation
John Grieve	HSBC Bank Canada
Neva Beckie	Her Majesty the Queen in Right of Canada
Shannon Davis	Her Majesty the Queen in Right of British Columbia
Doug Harrison	Canvest Communications Corporation
Peter Rubin and Peter Bychawski	Alvarez & Marsal Canada Inc., the court-appointed Monitor

**SCHEDULE B**

**PLAN OF COMPROMISE**

NO. S-138873  
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

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ARTHON EQUIPMENT LTD., COALMONT ENERGY CORP.,  
ROBEKA PROJECTS INC. AND 0755049 B.C. LTD.

PETITIONERS

**PLAN OF COMPROMISE AND ARRANGEMENT OF ARTHON INDUSTRIES LIMITED**

NOVEMBER 25, 2014

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## ARTICLE 1 INTERPRETATION

1.1 **Definitions.** In this Plan, unless otherwise stated or the context requires otherwise:

- (a) **"Affected Claims"** means all Claims and Restructuring Claims other than Excluded Claims;
- (b) **"Affected Creditor"** means any creditor who has an Affected Claim;
- (c) **"BIA"** means the *Bankruptcy and Insolvency Act* (Canada), as amended;
- (d) **"Business Day"** means any day, other than a Saturday, a Sunday, or a statutory holiday in British Columbia;
- (e) **"CCAA"** means the *Companies' Creditors Arrangement Act* (Canada), as amended;
- (f) **"CCAA Charge"** means, collectively, the Administration Charge and the D&O Charge (as such terms are defined in the Initial Order) and any other charge over Industries' assets created by other order of the Court, and as such charges may be amended, modified or varied by further order of the Court;
- (g) **"CCAA Proceedings"** means the proceedings commenced by the Petitioners pursuant to the CCAA, being Supreme Court of British Columbia Action No. S-138873, Vancouver Registry;
- (h) **"Chair"** means the chair of the Creditors' Meeting as designated by the Meeting Order;
- (i) **"Claim"** means any right or claim of any Person against Industries in connection with any indebtedness, liability or obligation of any kind whatsoever of Industries owed to such Person and any interest accrued thereon or costs, fees or other amounts in respect thereof, whether 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 such right is executory or anticipatory in nature, including any Claim arising from or caused by the repudiation by Industries of any contract, lease or other agreement, whether written or oral, the commission of a tort (intentional or unintentional), any breach of duty (legal, statutory, equitable, fiduciary or otherwise), any right of ownership or title to property, employment, contract, a trust or deemed trust, howsoever created, any Claim made or asserted against Industries through any affiliate, or any right or ability of any Person to advance a Claim for contribution or indemnity or otherwise with respect to any grievance, matter, action, cause or chose in action, whether existing at present or commenced in the future, in each case based in whole or in part on facts which existed on the Filing Date or which would have been, or together with any other Claims of any kind that, if unsecured, would constitute, a debt provable in bankruptcy within the meaning of the BIA had Industries become bankrupt on the Filing Date;
- (j) **"Claim Amount Notice"** has the meaning ascribed in the Claims Procedure Order;
- (k) **"Claims Bar Date"** means November 28, 2014, the bar date for filing Claims as set out in the Claims Procedure Order, with the exception of Restructuring Claims, which have rolling bar dates subsequent to November 28, 2014 as set forth in the Claims Procedure Order;

- (l) **"Claims Procedure Order"** means the order pronounced October 30, 2014 establishing, among other things, procedures for proving Claims and Restructuring Claims;
- (m) **"Court"** means the Supreme Court of British Columbia;
- (n) **"Creditors' Fund"** means the sum of \$250,000.00 to be made available and segregated into a separate account by Industries for the satisfaction of Proven Claims as set out herein;
- (o) **"Creditors' Meeting"** means the meeting of Affected Creditors holding Voting Claims called pursuant to the Meeting Order for the purposes of, among other things, considering and, if deemed appropriate, approving the Plan and includes any adjournment, postponement or other rescheduling of such meeting;
- (p) **"Creditors' Meeting Date"** means the date fixed for the Creditors' Meeting pursuant to the Meeting Order, subject to any adjournment or postponement or further order;
- (q) **"Directors/Officers Claim"** has the meaning ascribed in the Claims Procedure Order;
- (r) **"Disallowed Claim"** means any Affected Claim, including any portion thereof, that has been disallowed, denied, dismissed, or overruled in accordance with the provisions of the Claims Procedure Order and any other applicable orders;
- (s) **"Disputed Claim"** means any Affected Claim or any portion thereof that is subject to a Notice of Revision or Disallowance, a Notice of Dispute or is otherwise being challenged as authorized by the Court, and in any case has become neither a Proven Claim nor a Disallowed Claim;
- (t) **"Disputed Claim Reserve"** means the reserve to be established and maintained under this Plan by the Monitor by holding, on account of Disputed Claims, an amount from the Creditors' Fund equal to the amount that the holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims for their entire amount on the Implementation Date;
- (u) **"Employee Priority Claims"** mean the following Affected Claims of employees and former employees of Industries:
  - (i) Claims equal to the amounts that such employees and former employees would have been qualified to receive under paragraph 136(1)(d) of the BIA if Industries had become bankrupt on the Filing Date; and
  - (ii) Claims for wages, salaries, commissions or compensation for services rendered by them after the Filing Date and on or before the Plan Implementation Date together with, in the case of travelling salespersons, disbursements properly incurred by them in and about Industries' business during the same period;
- (v) **"Excluded Claims"** has the meaning ascribed to such term in Section 2.3;
- (w) **"Filing Date"** means November 29, 2013;
- (x) **"Government Priority Claims"** means any Claim owing to Her Majesty the Queen in right of Canada or any Province as described in Section 37(2) of the CCAA;
- (y) **"Governmental Entity"** means any: (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department,



central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, commission, board, or authority of any of the foregoing; or (iii) quasi governmental or private body exercising any regulatory, expropriation or taxing authority under or, for the account of, any of the foregoing;

- (z) **"Implementation Date"** means the date that is 1 day following the satisfaction or waiver of the conditions precedent set out in Section 9.6;
- (aa) **"Industries"** means Arthon Industries Limited;
- (bb) **"Initial Order"** means the Order made November 29, 2013, as amended from time to time, pursuant to which, among other things, the Petitioners were granted certain relief pursuant to the CCAA;
- (cc) **"Intercompany Claim"** means any Claim of any Petitioner against Industries or of any direct or indirect subsidiary of a Petitioner against Industries;
- (dd) **"Laws"** means all statutes, regulations, statutory rules, orders, judgments, decrees and terms and conditions of any grant of approval, permission, authority, permit or license of any court, Governmental Entity, statutory body or self-regulatory authority, and the term "applicable" with respect to such Laws and in any context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;
- (ee) **"Lien"** means, with respect to any interest in property, any mortgage, lien, pledge, charge, security interest, easement or encumbrance of any kind whatsoever, under Canadian, American, or other applicable Law, affecting such interest in property;
- (ff) **"Material Disputed Claim"** has the meaning ascribed to such term in Section 5.6;
- (gg) **"Meeting Order"** means the order dated November 28, 2014, as amended or supplemented from time to time by further orders which, among other things, sets the Creditors' Meeting Date and establishes meeting procedures for the Creditors' Meeting;
- (hh) **"Monitor"** means Alvarez & Marsal Canada Inc., or any successor thereto, appointed Monitor of Industries in accordance with the Initial Order or any further order;
- (ii) **"Non-Terminated Contracts"** means the permits, licenses, contracts and purchase orders associated with the business of Industries, if any, that are not terminated before the Implementation Date, either in their current form or as negotiated with the applicable counterparties;
- (jj) **"Notice of Dispute"** has the meaning ascribed to such term in the Claims Procedure Order;
- (kk) **"Notice of Revision or Disallowance"** has the meaning ascribed to such term in the Claims Procedure Order;
- (ll) **"Obligations"** has the meaning ascribed to such term in Section 8.1(a);
- (mm) **"Petitioners"** means Industries, Arthon Contractors Inc., Arthon Equipment Ltd., Coalmont Energy Corp., Robeka Projects Inc. and 0755049 B.C. Ltd., and "Petitioner" means any one of them;

- (nn) **"Person"** means any person, including any individual, partnership, joint venture, venture capital fund, association, corporation, limited liability company, limited liability partnership, unlimited liability company, trust, trustee, executor, administrator, legal personal representative, estate, group, unincorporated association or organization, Governmental Entity, syndicate, the Monitor, or other entity, whether or not having legal status;
- (oo) **"Plan"** means this plan of compromise and arrangement filed by Industries pursuant to the provisions of the CCAA, as it may be modified, amended, varied or supplemented by Industries from time to time in accordance with its terms;
- (pp) **"Plan Date"** means November 25, 2014;
- (qq) **"Proof of Claim"** has the meaning ascribed to such term in the Claims Procedure Order;
- (rr) **"Proven Claim"** means, in respect of an Affected Creditor, the amount or any portion of the amount of the Affected Claim of such Affected Creditor as agreed by Industries or finally determined for distribution purposes in accordance with the provisions of this Plan, the CCAA, the Claims Procedure Order and any other applicable order;
- (ss) **"Post-Filing Claims"** any right or claim of any Person that may be asserted or made in whole or in part against Industries 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 any interest thereon, including any obligation of Industries toward creditors who have supplied or shall supply services, utilities, goods or materials or who have or shall have advanced funds to Industries on or after the Filing Date, but only to the extent of their claims in respect of the supply of such services, utilities, goods, materials or funds on or after the Filing Date;
- (tt) **"Released Claims"** has the meaning ascribed to such term in Section 8.1(b);
- (uu) **"Released Parties"** has the meaning ascribed to such term in Section 8.1(b);
- (vv) **"Restructuring Claim"** means any right or Claim of any Person against Industries arising as a result of or in connection with the repudiation, breach, termination or restructuring by Industries after the Filing Date of any contract, purchase order, agreement, lease, employment or other obligation of any kind whatsoever;
- (ww) **"Required Majority"** means the affirmative vote of a majority in number of the Affected Creditors having Voting Claims and voting on the approval of this Plan (in person or by proxy) at the Creditors' Meeting and representing not less than 66⅔% in value of the Voting Claims;
- (xx) **"Sanction Order"** means an order sanctioning this Plan pursuant to the CCAA, as such Order may be amended or supplemented from time to time;
- (yy) **"Secured Creditor"** means any person holding a perfected mortgage, pledge, charge or lien on or against the property Industries or any part as security for a debt due or accruing due to the person from Industries;
- (zz) **"Taxes"** means any and all taxes, duties, fees, pending assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind whatsoever (including any Claims by Her Majesty the Queen in right of Canada, Her Majesty the Queen in right of any Province or Territory of Canada, the Canada Revenue Agency and any similar revenue or taxing authority, including any municipality, of any

Province or Territory of Canada), including all interest, penalties, fines and additions with respect to such amounts;

- (aaa) **"Unaffected Creditor"** means any creditor that holds an Excluded Claim, in respect of and to the extent of such Excluded Claim; and
- (bbb) **"Voting Claim"** means, in respect of an Affected Creditor, the Canadian dollar amount of the Affected Claim of such Affected Creditor accepted for purposes of voting at the Creditors' Meeting in accordance with the provisions of this Plan and the Meeting Order.

1.2 **Interpretation, etc.** For purposes of this Plan:

- (a) any reference in this Plan to a contract, instrument, release, order, agreement or other document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions;
- (b) any reference in this Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be modified, amended, varied or supplemented;
- (c) all references to currency and to "\$" are to Canadian dollars, except as otherwise indicated;
- (d) unless otherwise specified, the words "hereof", "herein", "hereunder", and "hereto" refer to this Plan in its entirety rather than to any particular portion of this Plan;
- (e) the division of this Plan into Articles, Sections, and paragraphs and the insertion of captions and headings to Articles, Sections, and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;
- (f) where the context requires, a word or words importing the singular shall include the plural and vice versa and a word or words importing one gender shall include all genders;
- (g) the deeming provisions are not rebuttable and are conclusive and irrevocable;
- (h) the words "includes" and "including" are not limiting; and
- (i) the word "or" is not exclusive.

1.3 **Date for any Action.** In the event that any date on which any action is required to be taken under this Plan by any of the parties is not a Business Day, that action shall be required to be taken on the next succeeding day that is a Business Day.

1.4 **Statutory References.** Unless otherwise specified, any reference in this Plan to a statute includes all regulations made thereunder and all applicable amendments to such statute or regulations in force, from time to time, or any statute or regulations that supplement or supersede such statute or regulations.

## ARTICLE 2 EFFECT OF PLAN AND CLASSIFICATION OF CREDITORS

2.1 **Persons Affected.** The Plan applies to every Affected Claim (whether or not the Affected Creditor has proven a claim against Industries). This Plan will be binding on and enure to the

benefit of Industries, the Released Parties, the Affected Creditors, any trustee, agent or other Person acting on behalf of any Affected Creditor and such other Persons who have received the benefit of, or are bound by, any compromises, waivers or releases hereunder.

2.2 **Classes of Creditors.** There will be one class of creditors consisting of the Affected Creditors.

2.3 **Excluded Claims.** For greater certainty, this Plan does not affect the following (each, an "Excluded Claim"):

- (a) Post-Filing Claims;
- (b) any claim secured by any CCAA Charge;
- (c) any claim by a Secured Creditor;
- (d) that portion of a Affected Claim arising from a cause of action for which Industries is covered by insurance, but only to the extent of such coverage;
- (e) any Intercompany Claim;
- (f) any claims with respect to reasonable fees and disbursements of counsel for Industries, the Monitor, or any financial advisor retained by any of the foregoing, as approved by the Court to the extent required;
- (g) Employee Priority Claims;
- (h) Government Priority Claims; and
- (i) any claim which is not a "claim" as defined in the CCAA.

### ARTICLE 3 TREATMENT OF AFFECTED CREDITORS

3.1 **Treatment of Affected Creditors.** Affected Creditors shall receive the following:

- (a) each Affected Creditor with Proven Claims in the aggregate equal to or less than \$5,000.00 shall receive a cash distribution in an amount equal to the lesser of:
  - (i) the full amount of the aggregate of their Proven Claims; and
  - (ii) \$5,000.00;to be paid from the Creditor's Fund;
- (b) each Affected Creditor with Proven Claims the aggregate amount of which is greater than \$5,000.00 shall receive a cash distribution of the aggregate of:
  - (i) \$5,000.00; and
  - (ii) their *pro rata* share of the Creditors' Fund after the payment of all amounts in paragraphs (a) and (b)(i) above;to be paid from the Creditors' Fund.

None of the above payments will bear interest in any circumstances.

- 3.2 **Effect of Plan on Affected Creditors.** Upon completion of the above payments, Industries shall be released from all Affected Claims to each such Affected Creditor, save as otherwise incurred by Industries after the Implementation Date.

#### ARTICLE 4 TREATMENT OF EXCLUDED CLAIMS

- 4.1 **Treatment of Unaffected Creditors.** Unaffected Creditors will not be entitled to vote the amounts of their Excluded Claims at the Creditors' Meeting or receive any distributions pursuant to this Plan in respect of the portions of their Claims that are Excluded Claims. Nothing in this Plan shall affect the defences, both legal and equitable, with respect to any Excluded Claim including any rights with respect to legal and equitable defences or entitlements to set-offs or recoupments against such Excluded Claim.
- 4.2 **Priority Claims.** Within six (6) months after the Sanction Order, Industries will pay in full all Employee Priority Claims and Government Priority Claims.
- 4.3 **Post-Filing Claims.** Creditors having Post-Filing Claims will be paid the full amount of such post-filing Claims in accordance with such arrangements as are negotiated between such creditors and Industries.
- 4.4 **Secured Creditors.** Secured Creditors will be paid the full amount of their claims in accordance with such arrangements as are negotiated between such creditors and Industries.

#### ARTICLE 5 VALUATION OF AFFECTED CLAIMS, THE CREDITORS' MEETING AND RELATED MATTERS

- 5.1 **Conversion of Affected Claims into Canadian Currency.** For purposes of determining the value of Affected Claims denominated in currencies other than Canadian dollars for voting and distribution purposes:
- (a) any Affected Claim, other than a Restructuring Claim, shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging the relevant currency to Canadian dollars on the Filing Date; and
  - (b) any Restructuring Claim shall be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging the relevant currency to Canadian dollars on the date of the notice giving rise to such Restructuring Claim.
- 5.2 **Affected Claims.** Affected Creditors shall be entitled to prove their respective Affected Claims in accordance with the Claims Procedure Order, vote their Voting Claims in respect of this Plan in accordance with the Meeting Order and, if their Affected Claims become Proven Claims, receive the distributions provided for pursuant to this Plan. If an Affected Creditor has failed to prove its Affected Claim prior to the relevant Claims Bar Date and has not, in accordance with the Claims Procedure Order, been permitted to prove its claim late, such Affected Creditor shall be forever barred from voting at the Creditors' Meeting and from receiving a distribution under the Plan or otherwise, and Industries shall be released from the Affected Claims of such Affected Creditor and Sections 8.1 and 8.2 shall apply to all such Affected Claims.
- 5.3 **Creditors' Meeting.** The Creditors' Meeting shall be held in accordance with this Plan, the Meeting Order and any further order that may be made from time to time, for the purposes of, among other things, considering and voting on the Plan or any other matters to be considered at the Creditors' Meeting.

- 5.4 **Approval by the Affected Creditors.** Industries will seek approval of this Plan by the affirmative vote of the Required Majority. Any resolution to be voted on at any Creditors' Meeting in respect of this Plan will be decided by the Required Majority on a vote by ballot, and any other matter submitted for a vote at the Creditors' Meeting shall be decided by a majority of votes cast on a vote by a show of hands, unless the Chair decides, in his sole and absolute discretion, to hold such vote by way of ballot.
- 5.5 **Order to Establish Procedure for Valuing Affected Claims.** The procedure for valuing Affected Claims for voting and distribution purposes, and resolving disputes in respect of any such valuation, is set forth in the Claims Procedure Order and the Meeting Order. Industries reserves the right to seek the assistance of the Court in valuing the Affected Claim of any Affected Creditor, if deemed advisable, or in determining the result of any vote at the Creditors' Meeting, or the amount, if any, to be distributed to any Affected Creditor under this Plan, as the case may be.
- 5.6 **Affected Claims for Voting Purposes.** Each Affected Creditor with one or more Voting Claims shall be entitled to one (1) vote and the weight attributed to such vote (for the purposes of determining the Required Majority) shall be equal to the aggregate Canadian dollar value of such Affected Creditor's Voting Claims (if necessary, converted into Canadian dollars in accordance with Section 5.1).

If the amount of the Affected Claim of any Affected Creditor is not resolved for voting purposes by the date of the Creditors' Meeting in accordance with the Claims Procedure Order and the Meeting Order, such Affected Creditor shall be entitled to vote at the Creditors' Meeting based on that portion of its Affected Claim which has been accepted for voting purposes by Industries, without prejudice to the rights of Industries or the Monitor with respect to the final determination of the Affected Creditor's Proven Claim for distribution purposes in accordance with the terms of the Claims Procedure Order, the Meeting Order, and this Plan.

Affected Creditors whose Affected Claims are Disputed Claims, in full or in part, and which remain, at the time of the Creditors' Meeting, in dispute or under appeal in accordance with the Claims Procedure Order, shall have their voting intentions with respect to such Disputed Claim recorded by the Monitor and reported to the Court.

In the event that the outcome of the vote is determined by the vote of a person holding a Disputed Claim (a "**Material Disputed Claim**"), Industries shall apply to the Court at the earliest possible opportunity for a summary determination as to the quantum and validity of the Disputed Claim, or shall compromise such Disputed Claim, with the assistance of the Monitor, as may be appropriate.

Until such time as the validity and quantum of each Material Disputed Claim is determined in accordance with the process set forth in the Claims Procedure Order, including by way of agreement between Industries and the person holding the Material Disputed Claim, or determination by the Court, the status quo as contemplated under the terms of the Initial Order will be maintained and any application for the Sanction Order will be deferred until the dispute has been resolved.

No Affected Creditor shall be entitled to bifurcate or sub-divide an Affected Claim for purposes of voting or distribution.

If an Affected Creditor assigns part, but not all of an Affected Claim, then only the Affected Creditor shall be entitled to vote at the Creditors' Meeting (in person or by proxy) and the value of such vote shall be the unassigned portion of such Affected Creditor's Voting Claim. The assignee of such Affected Creditor's Affected Claim shall not be entitled to vote the assigned portion at the Creditors' Meeting.

- 5.7 **Adjournments.** If the Creditors' Meeting is adjourned or postponed by the Chair, in his or her sole and absolute discretion, or because quorum is not obtained, the Creditors' Meeting will be adjourned, postponed or otherwise rescheduled by the Monitor to such date, time and place as may be decided by the Chair, in his sole and absolute discretion and upon such notice as he or she deems appropriate.
- 5.8 **Voting of Proxies.** Any Affected Creditor's proxy will be voted on any ballot in accordance with the Affected Creditor's instruction to vote for or against the approval of the Plan and any other matters before the Creditors' Meeting. In the absence of such instruction, the proxy will be voted for the approval of the Plan.

Forms of proxy may confer discretionary authority on the individuals designated therein with respect to amendments or variations of matters identified in the notice of the Creditors' Meeting and other matters that may properly come before the Creditors' Meeting.

All matters related to the solicitation of votes for the Creditors' Meeting, the mailing of materials to Affected Creditors and the voting procedure and tabulation of votes cast at the Creditors' Meeting shall be as set forth in the Meeting Order.

## **ARTICLE 6 PROVISIONS REGARDING DISTRIBUTIONS**

- 6.1 **Distributions for Affected Claims.** Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims shall be made on the Implementation Date. Distributions on account of Affected Claims that are determined to be Proven Claims after the Implementation Date shall be made in accordance with Article 7.
- 6.2 **Assignment of Affected Claims.** For purposes of determining entitlement to receive any distribution pursuant to the Plan, Industries, the Monitor, and each of their respective agents, successors and assigns, shall have no obligation to recognize any transfer or assignment of any Affected Claim unless and until notice of the transfer or assignment from either the transferor, assignor, transferee or assignee, together with evidence showing ownership, in whole or in part, of such Affected Claim and that such transfer or assignment was valid at Law, has been received by Industries and the Monitor at least five (5) Business Days prior to the Implementation Date.
- 6.3 **Interest on Affected Claims.** Interest shall not accrue or be paid on any Affected Claim after or in respect of the period following the Filing Date. To the extent that any Proven Claim to which a distribution under this Plan consists of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable Law, be allocated to the principal amount of the Proven Claim first and then, to the extent that the consideration exceeds the principal amount of the Proven Claim, to the portion of such Proven Claim representing accrued but unpaid interest.
- 6.4 **Delivery of Distributions.**

(a) **Proven Claims:**

Subject to Section 6.2, distributions in respect of Proven Claims shall be made by Industries at (i) the addresses set forth on the Proofs of Claim; or (ii) if no Proof of Claim has been filed and a Claim Amount Notice was sent to the Affected Creditor, the address at which the Claim Amount Notice was delivered; or (iii) the addresses set forth in any written notice of address change delivered to Industries or the Monitor after the date of any related Proof of Claim.

(b) **Undeliverable Distributions:**

If any distribution in respect of a Proven Claim is returned as undeliverable, no further distributions to the holder of such Proven Claim shall be made unless and until Industries or the Monitor is notified of the current address of the holder of such Proven Claim, at which time all missed distributions shall be made without interest. Undeliverable distributions shall be retained by the Monitor until such distributions are claimed. Industries and the Monitor, shall make reasonable efforts to locate holders of Proven Claims for which distributions were undeliverable. Notwithstanding the foregoing, all claims for undeliverable distributions must be made on or before the date that is 180 days after the Implementation Date, after which date all unclaimed distributions shall revert to the Creditors' Fund.

- 6.5 **Immaterial Distributions.** Other than the initial distribution on the Implementation Date, Industries shall not be required to make any distribution of less than \$10.00 on account of a Proven Claim.
- 6.6 **Withholding Taxes.** Notwithstanding any other provision of this Plan, each Affected Creditor with a Proven Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Taxes or Tax obligations imposed by any Governmental Entity (including income, withholding and other Tax obligations on account of such distribution). Industries is authorized but not required to take any and all actions as may be necessary or appropriate to comply with such withholding and reporting requirements. All amounts withheld on account of Taxes shall be treated for all purposes as having been paid to the Affected Creditor in respect of which such withholding was made, provided such withheld amounts are remitted to the appropriate Governmental Entity.
- 6.7 **Guarantees and Similar Covenants.** No Person who has a Claim under any guarantee, surety, indemnity, solidary or joint and several obligations or otherwise in respect of any Claim that is settled, compromised, released or otherwise dealt with under this Plan or who has any right in respect of, or to be subrogated to, the rights of any Person in respect of a Claim that is compromised under this Plan shall be entitled to any greater rights than the Affected Creditor whose Claim is settled, compromised, released, or otherwise dealt with under this Plan.
- 6.8 **Creditors' Fund.** Any funds remaining in the Creditors' Fund 270 days following the Implementation Date, including in relation to any un-negotiated cheques, shall revert to Industries free of any restrictions or claims thereon.

**ARTICLE 7  
DISTRIBUTION IN RESPECT OF DISPUTED CLAIMS**

- 7.1 **No Distribution Pending Allowance.** Notwithstanding any other provision of this Plan, no distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim. At all times, Disputed Claims shall be dealt with in accordance with the Claims Procedure Order.
- 7.2 **Disputed Claim Reserve and Distribution Therefrom.** On the Implementation Date, the Monitor shall establish the Disputed Claim Reserve by holding on account of Disputed Claims the full amount of the Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims. Once a resolution has been reached in respect of a Disputed Claim, the Monitor shall pay that determined amount. Once the Disputed Claims are extinguished or settled, any remaining funds shall be returned to the Creditors' Fund for distribution in accordance with this Plan.



## ARTICLE 8 RELEASES

8.1 **Plan Releases.** The following releases will become effective on the Implementation Date:

(a) **Releases by Industries:**

Subject to the provisions of Section 5.1(2) of the CCAA, Industries will be deemed to forever release, waive and discharge any and all demands, claims, actions, causes of action, counterclaims, suits, rights, obligations, debts, sums of money, accounts, covenants, damages, judgments, expenses, liabilities, executions, liens and other recoveries on account of any indebtedness, liability, obligation, demand or cause of action of whatever nature, including interest thereon and costs, fees or other amounts in respect thereof (collectively, the "**Obligations**") (other than the rights of Industries to enforce this Plan and the contracts, instruments, and other agreements or documents delivered hereunder) whether reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise that are based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Implementation Date in any way relating to, arising out of or in connection with the business and affairs of Industries, the subject matter of, or the transactions or events giving rise to, any Claims or Restructuring Claims, this Plan or the CCAA Proceedings that could be asserted by or on behalf of Industries against: (i) the agents, legal counsel, financial advisors and other professionals of Industries, in each case in their respective capacities as of the Implementation Date; (ii) the Monitor and its legal counsel; and (iii) where applicable, with respect to each of the above named Persons, such Person's present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents, predecessors, affiliates, subsidiaries, related companies, heirs, spouses, dependants, administrators and executors.

(b) **Releases by Others:**

(i) Industries, (ii) the Monitor, and (iii) with respect to each their present and former advisors, principals, employees, officers, directors, representatives, financial advisors, legal counsel, accountants, investment bankers, consultants, agents, predecessors, affiliates, subsidiaries, related companies, heirs, spouses, dependants, administrators and executors (collectively, the "**Released Parties**") will be released and discharged from any and all Obligations, whether reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, direct, indirect or derivative, then existing or hereafter arising, in law, equity or otherwise, that any Person (including Industries, as applicable, and any Person who may claim contribution or indemnification against or from them) may be entitled to assert based in whole or in part on any act, omission, transaction, event or other circumstance or occurrence existing or taking place on or prior to the Implementation Date in any way relating to, arising out of or in connection with the business and affairs of Industries, the subject matter of, or the transactions or events giving rise to, any Affected Claims, any Directors/Officers Claim, this Plan, and the CCAA Proceedings (collectively, the "**Released Claims**"), provided, however, that nothing herein will release or discharge any Released Party if the Released Party is judged on a final determination on the merits to have committed fraud or wilful misconduct or to have been grossly negligent.

8.2 **Permanent Injunction.** From and after the Implementation Date, all Affected Creditors and other Persons shall be permanently and forever barred, estopped, stayed and enjoined with respect to the Released Claims from: (i) 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 Released Parties; (ii) 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 Released Parties or their property; (iii) commencing, conducting or continuing in any manner, directly or indirectly, any actions, 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 one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Lien or encumbrance of any kind; or (v) taking any actions to interfere with the implementation or consummation of this Plan.

- 8.3 **Waiver of Defaults.** On and after the Implementation Date, all Persons shall be deemed to have waived any and all defaults of Industries then existing or previously committed by Industries or caused by Industries, directly or indirectly, or non-compliance with any covenant, positive or negative, pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, purchase order, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and Industries arising from the filing by Industries under the CCAA or the transactions contemplated by this Plan, and any and all notices of default and demands for payment under any instrument, including any guarantee arising from such default, shall be deemed to have been rescinded.
- 8.4 **Cancellation of Liens.** As of the Implementation Date, in consideration for the distributions to be made pursuant to this Plan, all Liens and rights related to any Affected Claim shall be terminated, null and void and be of no effect.

## ARTICLE 9 MISCELLANEOUS

- 9.1 **Paramountcy.** From and after the Plan Implementation Date, any conflict between the covenants, warranties, representations, terms, conditions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, loan agreement, commitment letter, agreement for sale, articles of Industries, lease or other agreement, whether written or oral, and any and all amendments or supplements thereto existing between any third party and Industries as at the Plan Implementation Date will be deemed to be governed by the terms, conditions and provisions of the Plan, which shall take precedence and priority.
- 9.2 **Meeting of Creditors.** On or following the Plan Date, Industries will seek the Meeting Order.
- 9.3 **Confirmation of Plan.** In the event that the Plan is approved by the Required Majority, Industries will then seek the Sanction Order. Subject to the Sanction Order being granted, the Plan will be implemented by Industries and will be binding upon all Affected Creditors.
- 9.4 **Compromise Effective for all Purposes.** The compromise or other satisfaction of any indebtedness, liability or obligation of Industries under the Plan, if sanctioned and approved by the Court, shall, in the case of any Affected Creditor, be binding upon such Affected Creditor for all purposes and, to such extent, shall also be effective to relieve any third party directly or indirectly liable for such indebtedness, whether as guarantor, indemnitor, tenant, direct or joint covenantor or otherwise.
- 9.5 **Non-Terminated Contracts.** Except as otherwise provided in this Plan, as of the Implementation Date, the Non-Terminated Contracts shall be deemed ratified.

- 9.6 **Conditions Precedent to Implementation of the Plan.** The implementation of this Plan is subject to the following conditions precedent, which may be waived in writing as provided herein:
- (a) the approval of this Plan by the Required Majority of creditors shall have been obtained;
  - (b) the Sanction Order sanctioning this Plan, in form and substance satisfactory to Industries and the Monitor, shall have been made and entered and the operation and effect of the Sanction Order shall not have been stayed, revised, modified, reversed or amended;
  - (c) all applicable appeal periods in respect of the Sanction Order shall have expired and any appeals therefrom shall have been finally disposed of by the applicable appellate tribunal;
  - (d) all relevant Persons shall have executed, delivered and filed all documents and other instruments that, in the opinion of Industries or the Monitor, each acting reasonably, are necessary to implement the provisions of this Plan and/or the Sanction Order; and
  - (e) no effective injunction, writ or preliminary restraining order or any order of any nature being issued by a competent authority prohibiting this Plan from being consummated as provided herein.
- 9.7 **Waiver of Conditions.** Each of the conditions set forth in Section 9.6 above may be waived in whole or in part by Industries without any other notice to parties in interest or the Court and without a hearing. The failure to satisfy or waive any condition prior to the Implementation Date may be asserted by Industries regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by Industries). The failure of Industries to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.
- 9.8 **Monitor's Certificate of Completion.** The Monitor shall file with the Court the following certificates of completion:
- (a) upon the satisfaction or waiver of the conditions precedent set out herein, the Monitor shall file with the Court a certificate that states that all conditions precedent set out in this Plan have been satisfied (or, where applicable, waived); and
  - (b) upon the resolution of the last Disputed Claim, the Monitor shall file with the Court a certificate confirming same.
- 9.9 **Notices.** Any notices or communication to be made or given hereunder to Industries or the Monitor shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by fax or e-mail addressed to the respective parties as follows:
- (a) if to Industries:  
  
Arthon Industries Limited  
Attention: Darren Bidulka  
Fax: 250.868.6599  
E-mail: darren@arthon.com
  - (b) with a copy to Davis LLP:  
  
Attention: Mary I. A. Buttery / H. Lance Williams  
Fax: 604.605.4877  
E-mail: mbuttery@davis.ca / lwilliams@davis.ca

(c) if to the Monitor:

Alvarez & Marsal Canada Inc.  
Attention: Peter Gibson  
Fax: 604.638.7441  
E-mail: pgibson@alvarezandmarsal.com

(d) with a copy to Blake, Cassels and Graydon LLP:

Attention: Peter Rubin  
Fax: 604.631.3309  
E-mail: peter.rubin@blakes.com

or to such other fax or e-mail as any party may from time to time notify the others in accordance herewith. All such notices and communications shall be deemed to have been received, in the case of notice by fax or e-mail prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day. The unintentional failure by Industries or the Monitor to give any notice contemplated hereunder to any particular Affected Creditor shall not invalidate this Plan or any action taken by any Person pursuant to this Plan.

Any notices or communications to be made or given hereunder by Industries or the Monitor to an Affected Creditor may be sent by fax, e-mail, ordinary mail, registered mail or courier. An Affected Creditor shall be deemed to have received any document sent pursuant to this Plan four (4) Business Days after the document is sent by ordinary or registered mail and on the Business Day immediately following the day on which the document is sent by courier, e-mail or fax transmission. Documents shall not be sent by ordinary or registered mail during a postal strike or work stoppage of general application.

Notices or communications may be mailed to an Affected Creditor as follows: (i) the addresses set forth on the Proofs of Claim; or (ii) if no Proof of Claim has been filed and a Claim Amount Notice was sent to the Affected Creditor, the address at which the Claim Amount Notice was delivered; or (iii) the addresses set forth in any written notice of address change delivered to Industries or the Monitor after the date of any related Proof of Claim.

9.10 **Severability.** If, prior to the Implementation Date, any term or provision of this Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of Industries or the Monitor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

9.11 **Non-consummation.** If the Sanction Order is not pronounced, (i) this Plan shall be null and void in all respects, (ii) any settlement, compromise or release embodied in this Plan, assumption or termination, repudiation of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan shall be deemed null and void, and (iii) nothing contained in this Plan, and no act taken in preparation for consummation of this Plan, shall:

- (a) constitute or be deemed to constitute a waiver or release of any Affected Claims by or against Industries or any other Person;
- (b) prejudice in any manner the rights of Industries or any Person in any further proceedings involving Industries; or

(c) constitute an admission of any sort by Industries or any other Person.

9.12 **Governing Law.** This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan and all proceedings taken in connection with this Plan and its provisions shall be subject to the exclusive jurisdiction of the Court.

9.13 **Successors and Assigns.** This Plan shall be binding upon and shall enure to the benefit of the heirs, administrators, executors, legal representatives, successors (including by merger, amalgamation, consolidation, conversion or reorganization or following any winding-up, liquidation or dissolution) and permitted assigns of any Person named or referred to in this Plan.

**SCHEDULE C**

**NOTICE TO CREDITORS**

NO. S-138873  
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 AND ARRANGEMENT  
OF ARTHON INDUSTRIES LIMITED, ARTHON CONTRACTORS INC.,  
ARTHON EQUIPMENT LTD., COALMONT ENERGY CORP.,  
ROBEKA PROJECTS INC. and 0755049 B.C. LTD.

PETITIONERS

**NOTICE OF CREDITORS' MEETING**

**RE: THE PLAN OF COMPROMISE AND ARRANGEMENT OF  
ARTHON INDUSTRIES LIMITED**

**TAKE NOTICE** that by Order of the Supreme Court of British Columbia (the "**Court**") dated November 28, 2014 (the "**Meeting Order**"), Alvarez & Marsal Canada Inc., the court-appointed monitor (the "**Monitor**") of Arthon Industries Limited ("**Industries**") for the within proceedings (the "**CCAA Proceedings**"), has been authorized to convene, hold and conduct a Creditors' Meeting of Industries' Affected Creditors to consider and vote on the Plan of Compromise and Arrangement of Industries dated November 25, 2014, as may be amended (the "**Plan**").

Capitalized terms not otherwise defined in this Notice to Creditors have the meanings ascribed to them in the Plan and the Meeting Order. Copies of the Plan and the Meeting Order are available at the Monitor's Website: <http://www.alvarezandmarsal.com/arthon>.

**The Plan**

The Plan contemplates the compromise of the rights and claims of certain creditors of Industries and, if accepted at the Creditors' Meeting by the Required Majority of Affected Creditors, will become binding on all of Industries' Affected Creditors.

## The Meeting

The Creditors' Meeting will be held at 11:00 a.m. (Vancouver, B.C. time) on December 15, 2014 at the offices of Davis LLP, 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia.

Only Affected Creditors will be able to attend and to vote on the Plan at the Creditors' Meeting. Holders of Excluded Claims are not entitled to either attend or vote at the Creditors' Meeting.

In order to participate in any voting associated with the Plan, Affected Creditors must have filed a Proof of Claim with the Monitor or received a Claim Amount Notice in accordance with the Claims Process Order made by the Court on October 30, 2014.

Affected Creditors who are unable to attend the Creditors' Meeting are requested to date, sign and return the accompanying "proxy" (the "**Proxy**").

To be used at the Creditors' Meeting, a Proxy must be either:

- (a) received by the Monitor prior to December 14, 2014 at 5:00 p.m. (Vancouver, B.C. time) by delivery, facsimile, or e-mail at the following address:

Alvarez & Marsal Canada Inc.  
1680 - 400 Burrard Street  
Vancouver, British Columbia, V6C 3A6  
Fax: 604.638.7441  
Email: [Marianna.Lee@alvarezandmarsal.com](mailto:Marianna.Lee@alvarezandmarsal.com)  
Attention: Marianna Lee

- (b) deposited with the Chair at the Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of the Creditors' Meeting.

## Sanction Order

If the Plan is approved at the Meeting by the Required Majority of Affected Creditors and all other necessary conditions are met, Industries intends to make an application to the Court on December 19, 2014 (the "**Sanction Hearing**") for, among other things, the Sanction Order.

Any person wishing to oppose the Sanction Order must serve a copy of the materials to be used to oppose the application and setting out the basis for such opposition upon the lawyers for Industries and the Monitor as well as those parties listed on the Service List posted on the Monitor's Website. Such materials must be served by no later than 6:00 p.m. (Vancouver, BC time) on the date that is one (1) day before the Sanction Hearing.



**Further Information**

You may obtain further information on Industries' CCAA Proceedings at the Monitor's Website: <http://www.alvarezandmarsal.com/arthon>.

Yours truly,

**ALVAREZ & MARSAL CANADA INC.**

in its capacity as Monitor of  
Arthon Industries Limited  
and not in its personal or corporate capacity

Per:

Tom Powell  
Director

**SCHEDULE D**

**PLAN INFORMATION LETTER**

**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 AND ARRANGEMENT  
OF ARTHON INDUSTRIES LIMITED, ARTHON CONTRACTORS INC.,  
ARTHON EQUIPMENT LTD., COALMONT ENERGY CORP.,  
ROBEKA PROJECTS INC. and 0755049 B.C. LTD.

PETITIONERS

**PLAN INFORMATION LETTER**

**RE: THE PLAN OF COMPROMISE AND ARRANGEMENT OF  
ARTHON INDUSTRIES LIMITED**

All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the plan of compromise and arrangement of Arthon Industries Limited ("**Arthon**") dated November 25, 2014, as may be amended from time to time (the "**Plan**") and filed pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**").

Effect of the Plan

Industries has arranged for the Creditors' Fund to fund the terms of the Plan. The Plan will settle and compromise all Affected Claims against Industries as follows:

- (a) each Affected Creditor with aggregate Proven Claims of \$5,000 or less will receive a cash distribution in an amount equal to the lesser of (A) the full amount of the aggregate of their Proven Claims, and (B) \$5,000; and
- (b) each Affected Creditor with aggregate Proven Claims of more than \$5,000 will receive a cash distribution in an amount equal to \$5,000 plus their *pro rata* share of the remaining Creditors' Fund.

A copy of the Monitor's report analysing the Plan and the Monitor's recommendation is included with this mailing.

Voting

The Plan applies only to those parties having Affected Claims. It does not apply to Excluded Claims. Affected Creditors will vote as one class of creditors.

Each Affected Creditor with one or more Voting Claims will be entitled to one (1) vote. The weight attributed to such vote (for the purposes of determining the Required Majority) is equal to the aggregate Canadian dollar value of the Voting Claim. The Plan will be approved at the Creditors' Meeting if:

- (a) a majority in number of the Affected Creditors having Voting Claims and voting at the Creditors' Meeting (in person or by proxy) vote in favour of the Plan; and
- (b) the total Voting Claims voted in favour of the Plan represent at least 66⅔% in value of the Voting Claims voted at the Creditors' Meeting (in person or by proxy).

In order to participate in any voting associated with the Plan or the CCAA proceedings of Industries, a party having an Affected Claim must have either received a Claim Amount Notice or filed a Proof of Claim in accordance with the Claims Procedure Order made October 30, 2014.

**Affected Creditors with Proven Claims in the aggregate amount of \$5,000 or less will be deemed to have voted in favour of the Plan unless they attend and vote at the Creditors' Meeting (in person or by proxy).**

Any Affected Creditor's proxy will be voted on any ballot in accordance the terms set out in the Proxy included in this mailing.

#### Conditions to Plan

The Plan will not be implemented until a number of conditions precedent are met, which are set out in section 9.6 of the Plan.

#### Sanction Order

If the Plan is passed by the Required Majority, an application will be made to the Court for the Sanction Order approving the Plan pursuant to the CCAA. See the Notice to Creditors included with this mailing for further details regarding the Sanction Hearing and the Sanction Order.

#### Payment under Plan

If the Plan is passed by the Required Majority, and the Sanction Order is granted, Industries will make the payments due under the terms of the Plan (other than in relation to Disputed Claims) on the Implementation Date. The distribution that would otherwise be made in relation to Disputed Claims will be held by the Monitor and dealt with in accordance with the terms of the Plan.

**SCHEDULE E**

**PROXY**

**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 AND ARRANGEMENT  
OF ARTHON INDUSTRIES LIMITED, ARTHON CONTRACTORS INC.,  
ARTHON EQUIPMENT LTD., COALMONT ENERGY CORP.,  
ROBEKA PROJECTS INC. and 0755049 B.C. LTD.

PETITIONERS

**PROXY**

**CREDITORS' MEETING**

**RE: THE PLAN OF COMPROMISE AND ARRANGEMENT OF  
ARTHON INDUSTRIES LIMITED**

***Before completing this Proxy, please read carefully the accompanying Instructions for Completion of Proxy.***

All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the plan of compromise and arrangement of Arthon Industries Limited ("**Industries**") dated November 25, 2014, as may be amended from time to time (the "**Plan**") and filed pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**").

**THIS PROXY MUST BE COMPLETED, SIGNED AND RETURNED BY THE RECIPIENT TO INDUSTRIES' COURT-APPOINTED MONITOR, ALVAREZ & MARSAL CANADA INC., AT THE ADDRESS PROVIDED IN THE INSTRUCTIONS FOR COMPLETION OF PROXY BY NO LATER THAN 5:00 PM (VANCOUVER, B.C. TIME) ON DECEMBER 14, 2014 OR BE DEPOSITED IN PERSON WITH THE CHAIR PRIOR TO COMMENCEMENT OF THE CREDITORS' MEETING. NO PROXY WILL BE ACCEPTED BY THE CHAIR AFTER COMMENCEMENT OF THE CREDITORS' MEETING.**

**THE UNDERSIGNED AFFECTED CREDITOR** revokes all proxies previously given and hereby nominates, constitutes and appoints:

A. \_\_\_\_\_ (the "**Named Nominee**"),

**OR**, instead of appointing a Named Nominee,

B. Peter Gibson of Alvarez & Marsal Canada Inc., in its capacity as Monitor of Industries, or such person as Peter Gibson, in his sole and absolute discretion, with the power of substitution, may designate (the "**Deemed Nominee**"),

as nominee of the Affected Creditor to exercise all voting rights and any rights ancillary thereto which are necessary to permit the Named Nominee or the Deemed Nominee, as applicable, to vote the value of the undersigned Affected Creditor's Affected Claims (as determined pursuant to the Claims Process Order) at the Creditors' Meeting held to consider and vote on the Plan, and any other matters that may be put before the Creditors' Meeting, as follows:

A. ☐ VOTE FOR approval of the Plan; **OR**

☐ VOTE AGAINST approval of the Plan; **AND**

B. vote and otherwise act at the discretion of the Named Nominee or Deemed Nominee, as applicable, for and on behalf of the Affected Creditor in respect of any amendments, modifications, variations or supplements to the Plan and to any other matters that may come before the Creditors' Meeting.

*If this Proxy is submitted and a box is not marked as a vote for or against approval of the Plan, this Proxy shall be voted **FOR** approval of the Plan.*

*If this Proxy is submitted with both boxes marked, this Proxy shall be voted **FOR** approval of the Plan.*

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

**Creditor Signature:**

(If Creditor is a corporation this section must be completed by duly authorized officer or attorney of the corporation)

Name: \_\_\_\_\_

(Print Name of Creditor, as it appears on the Proof of Claim Form)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

(Signature of Creditor, and if applicable, Authorized Officer or Attorney of Creditor and Name and Title of duly appointed officer or attorney for the Corporation)

**Witness Signature:**  
(Only applicable if  
Creditor is an individual)

Name: \_\_\_\_\_  
(Print name of Witness)

By: \_\_\_\_\_  
(Signature of Witness)

**Creditor's Contact Information**

Name of Affected Creditor: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

Email Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_



## INSTRUCTIONS FOR COMPLETION OF PROXY

1. This Proxy should be read in conjunction with the Plan and the Meeting Order. Copies of the Plan and the Meeting Order are available at the Monitor's Website at: <http://www.alvarezandmarsal.com/arthon>.
2. Each Affected Creditor who has a right to vote has the right to appoint a person (who does not need to be an Affected Creditor) to attend, act and vote for and on his or her behalf at the Creditors' Meeting and such right may be exercised by inserting in the space provided therefor the name of the person to be appointed.
3. **If no name has been inserted in the space provided, Peter Gibson of Alvarez & Marsal Canada Inc., in its capacity as Monitor, or such other representative of the Monitor as Mr. Gibson may designate, at his sole and absolute discretion, with power of substitution, shall be deemed to be appointed as proxy holder for the Affected Creditor.**
4. **If the Monitor is appointed or is deemed to be appointed as proxyholder and the Affected Creditor fails to indicate a vote for or against the approval of the Plan on this Proxy, this Proxy will be voted FOR approval of the Plan.**
5. If the proxy is not dated in the space provided therefor, it shall be deemed to bear the date on which it was received by the Monitor.
6. This Proxy must be completed in full and signed by the Affected Creditor or by a person duly authorized (by power of attorney) to sign on the Affected Creditor's behalf or, if the Affected Creditor is an estate, corporation, partnership or trust, by a duly authorized executor, officer or attorney of the estate, corporation, partnership or trust. If the proxy holder appointed under this Proxy is voting on behalf of an estate, corporation, partnership or trust, he or she may be required to provide documentation evidencing the authority to vote this Proxy on behalf of the Affected Creditor.
7. Valid proxies bearing or deemed to be bearing a later date shall revoke this proxy. In the event that more than one valid proxy for the same Affected Creditor and bearing or deemed to be bearing the same date is received with conflicting instructions, such proxies will be treated as disputed proxies and shall not be counted for the purposes of the vote.
8. **This proxy must be received by the Monitor by delivery, facsimile or e-mail, by no later than 5:00 pm (Vancouver Time) on December 14, 2014, at the following address:**

**Alvarez & Marsal Canada Inc.  
400 Burrard Street, Suite 1680  
Vancouver, BC V6C 3A6  
Fax: (604) 638-7441  
e-mail: [marianna.lee@alvarezandmarsal.com](mailto:marianna.lee@alvarezandmarsal.com)  
Attention: Marianna Lee**

9. This proxy may also be deposited with the Chair prior to commencement of the Creditors' Meeting but no Proxy will be accepted by the Chair after commencement of the Creditors' Meeting.
10. The Monitor is authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which any Proxy is completed and executed.

NO. S-138873  
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 AND  
ARRANGEMENT OF ARTHON INDUSTRIES LIMITED,  
ARTHON CONTRACTORS INC., ARTHON EQUIPMENT LTD.,  
COALMONT ENERGY CORP., ROBEKA PROJECTS INC.  
and 0755049 B.C. LTD.

PETITIONERS

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**ORDER MADE AFTER APPLICATION**

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**DAVIS LLP**  
Barristers & Solicitors  
2800 Park Place  
666 Burrard Street  
Vancouver, BC V6C 2Z7  
Tel. No. 604.687.9444  
Fax No. 604.687.1612

File No. 72497-00007

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