

NO. S-138873
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
AS AMENDED R.S.C. 1985, c. C-36

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
MR. JUSTICE SEWELL

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FRIDAY, THE 20TH DAY OF
DECEMBER, 2013

THE APPLICATION of the Petitioners coming on for hearing at Vancouver, British Columbia, on the 20th day of December, 2013; 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 material filed herein;

THIS COURT ORDERS AND DECLARES THAT:

INITIAL ORDER AND STAY EXTENSION

1. All relief granted in the Order made in the within proceeding on November 29, 2013 (the "Initial Order"), as modified and amended herein and by the Order made December 9, 2013, including the stay of proceedings, is hereby continued and extended to February 28, 2014.

APPROVAL OF CREDIT AGREEMENT AND LOAN ASSIGNMENT

2. The assignment by HSBC Bank Canada ("**HSBC**") of the credit facilities and security held by HSBC in relation to the Petitioners (the "**Assigned Interest**") to Callidus pursuant to the assignment agreement dated effective December 20, 2013 (the "**Assignment Agreement**") be and is hereby approved, and the Petitioners are authorized to execute and enter into the Assignment Agreement and the agreements and acknowledgements made by each of them thereunder.
3. The forbearance agreement dated effective December 20, 2013 (the "**Forbearance Agreement**") among, *inter alios*, the Petitioners and Callidus Capital Corporation ("**Callidus**") be and is hereby approved, and the Petitioners are authorized to enter into the same.

AMENDMENTS TO THE INITIAL ORDER

4. The Initial Order, as amended, is hereby further amended effective as at the date of this Order as follows:
 - (a) the Lender as defined in paragraph 10(a) of the Initial Order is replaced with Callidus in place of HSBC. Notwithstanding the assignment of certain credit facilities and security by HSBC to Callidus pursuant to the Assignment Agreement, Callidus shall be entitled to operate the Lender Loan Facility (as amended by the Forbearance Agreement) and shall be entitled to the Lender Charge, each as set out in the Initial Order, in place of HSBC;
 - (b) Paragraphs 31 to 35 of the Initial Order are deleted and replaced as follows:

"DIP FINANCING

31. The Petitioners are hereby authorized and empowered to obtain and borrow under a credit facility from Callidus Capital Corporation (the "**DIP Lender**") in order to provide working capital to the Petitioners and finance the continuation of the Business and the preservation of the Property, provided that borrowings under such credit facility shall not exceed the principal amount of ~~\$5,000,000~~ ^{2,150,000} unless permitted by further Order of this Court.

M *PL*

32. Such credit facility shall be on the terms and subject to the conditions set forth in the forbearance agreement between the Petitioners and the DIP Lender dated effective as of December 20, 2013 (the "**Forbearance Agreement**"), filed.

33. The Petitioners are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Forbearance Agreement or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Petitioners are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Forbearance Agreement and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. The DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property. The DIP Lender's Charge shall not secure an obligation that existed prior to November 29, 2013. The DIP Lender's Charge shall be subordinate to the perfected security interests, trusts, liens, mortgages, charges and encumbrances and claims of any other secured creditors of the Petitioners whose security interests rank in priority to the existing security of the Lender, and to all amounts owing to Her Majesty the Queen in right of Canada by any of the Petitioners that rank in priority to the existing security of the Lender. At a minimum the DIP Lender's Charge shall have the same priority as that enjoyed by the DIP Lender in its capacity as Lender.

35. The DIP Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by the Petitioners under the CCAA, or any proposal filed by the Petitioners under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents."

- (c) All references to Term Sheet in the Initial Order are, unless otherwise amended herein, deleted and replaced with the defined term "Forbearance Agreement";
- (d) The Administrative Charge in paragraph 30 of the Initial Order is reduced to \$250,000 from \$500,000;
- (e) Paragraph 36 of the Initial Order is deleted and replaced with the following:

"36. The priorities of the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$250,000);

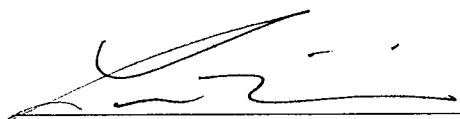
Second – DIP Lender's Charge (to the maximum amount of ~~\$5,000,000~~ ^{1/2 2,500,000});"

5. CAUTIONS SHALL REPORT TO THE MONITOR FORTHWITH ANY DEFAULT OR DEMAND UNDER THE FORBEARANCE AGREEMENT. *WJA*
GENERAL

§6. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any Federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioners and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Petitioners and the Monitor and their respective agents in carrying out the terms of this Order.

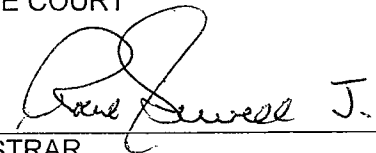
§7. Endorsement of this Order by counsel appearing, other than counsel for the Petitioners, is hereby dispensed with.

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:



Davis LLP (Mary I.A. Buttery, H. Lance Williams
and Tijana Gavric)
Lawyers for the Petitioners

BY THE COURT



REGISTRAR

SCHEDULE "A"

Counsel List	
Name	Party Represented
J. GRIEVE & K. JACKSON	HSBC BANK CANADA
M. VERBRUGGE	CALUDUS CAPITAL CORPORATION
P. DEMPSTER	INTACT INSURANCE COMPANY
N. BECKIE & D. McLEOD	HER MAJESTY THE QUEEN IN RIGHT OF CANADA
G. GETHLAN	CANVEST COMMUNICATIONS CORPORATION & S. Diamond
J. SADDRELLI	VITOL INC.
J. McLEAN	LAFARGE CANADA INC.
P. RUBIN	THE MONITOR

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ORDER MADE AFTER APPLICATION

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