

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.