

No. S088893  
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**

**AND**

**IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, c. 57**

**AND**

**IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF ADANAC MOLYBDENUM CORPORATION**

**PETITIONER**

**AMENDED PLAN OF COMPROMISE AND ARRANGEMENT**

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Dated ~~October 8,~~  
~~2010~~February 25, 2011

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**AMENDED PLAN OF COMPROMISE AND ARRANGEMENT PURSUANT TO  
THE COMPANIES' CREDITORS ARRANGEMENT ACT  
AND THE BUSINESS CORPORATIONS ACT**

**ADANAC MOLYBDENUM CORPORATION**

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions**

In this Plan (including the Schedules hereto), unless otherwise stated or the context otherwise requires:

“**Administration Charge**” has the meaning ascribed to such term in the Initial Order;

“**Affected Claims**” means all Claims and Restructuring Claims other than Excluded Claims;

“**Affected Creditor**” means any creditor that is the Holder of a Senior Secured Noteholders’ Allowed Secured Claim and/or an Affected Unsecured Claim;

“**Affected Creditor Classes**” means the Senior Secured Noteholder Class and the Affected Unsecured Creditor Class;

“**Affected Unsecured Claim**” means any Affected Claim against the Petitioner other than the Senior Secured Noteholders’ Allowed Secured Claim, but including the Senior Secured Noteholders’ Allowed Unsecured Claim;

“**Affected Unsecured Creditor**” means any creditor that is the Holder of an Affected Unsecured Claim and may, if the context requires, mean an assignee of an Affected Unsecured Claim or a trustee, interim receiver, receiver manager, or other Person acting on behalf of such Person, if such assignee or other Person has been recognized by the Petitioner, the Monitor or the Disbursing Agent, as the case may be;

“**Affected Unsecured Creditor Class**” means the class of creditors grouped in accordance with their Affected Unsecured Claims against the Petitioner for the purposes of considering and voting on this Plan in accordance with the provisions of this Plan and receiving distributions hereunder, such class being comprised solely of the Affected Unsecured Creditors;

“**Arrangement**” means, collectively, all of the transactions, actions and events set out in Section 6.1(a)(i);

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended;

“**BIA**” means the *Bankruptcy and Insolvency Act* (Canada), as amended;

“**Business Day**” means any day, other than a Saturday, a Sunday, or a statutory holiday in British Columbia;

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada), as amended, and as applicable to the CCAA Proceedings which, for greater certainty, does not include the amendments proclaimed into force after the Filing Date;

“**CCAA Charge Claim**” has the meaning ascribed to such term in Section 2.3(a);

“**CCAA Proceedings**” means the proceedings in respect of the Petitioner before the Court commenced pursuant to the CCAA;

“**Chair**” means, in respect of any Creditors’ Meeting, the chair of such Creditors’ Meeting as designated by the Monitor;

“**CCAA Charges**” means the Administration Charge, the Directors’ Charge and the KERP Charge;

“**Chief Restructuring Officer**” means Leonard Sojka, in his capacity as chief restructuring officer of the Petitioner engaged by the Petitioner pursuant to an engagement letter dated July 16, 2010 between Leonard Sojka and the Petitioner;

“**Claim**” means any right or claim of any Person against the Petitioner in connection with any indebtedness, liability or obligation of any kind whatsoever of the Petitioner 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 the Petitioner 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 the Petitioner 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 the Petitioner become bankrupt on the Filing Date;

“**Claims Bar Dates**” means April 5, 2010, the bar date for filing Claims as set out in the Claims Process Order, with the exception of Restructuring Claims, which have a rolling bar date subsequent to April 5, 2010;

“**Claims Process Order**” means the Order of the Court dated March 2, 2010 establishing, among other things, procedures for proving Claims and Restructuring Claims;

“**Class A Common Shares**” means the class A common shares in the capital of the Petitioner to be created pursuant to Article 6 and having the rights and restrictions set out in Schedule “A” hereto;

“**Collateral Agent**” means The Bank of New York and BNY Trust Company of Canada and their successors and assigns;

“**Common Shares**” means the common shares in the capital of the Petitioner, excluding the Class A Common Shares;

“**Consolidated Existing Common Shares**” means that number of common shares in the capital of the Petitioner that have resulted from the Existing Share Consolidation;

“**Court**” means the Supreme Court of British Columbia;

“**Creditors’ Meeting**” means, in respect of any Affected Creditor Class, the meeting of Affected Creditors holding Voting Claims called pursuant to the Creditors’ Meeting Order for the purposes of, among other things, considering and, if deemed appropriate, passing their respective Resolution and includes any adjournment, postponement or other rescheduling of such meeting;

“**Creditors’ Meeting Date**” means the date fixed for the Creditors’ Meetings under the Creditors’ Meeting Order, subject to any adjournment or postponement or further Order of the Court;

“**Creditors’ Meeting Order**” means the Order of the Court dated October {18,} 2010, as amended or supplemented from time to time by further Orders of the Court which, among other things, sets the Creditors’ Meeting Date and establishes meeting procedures for the Creditors’ Meetings of each Affected Creditor Class;

“**Directors’ Charge**” has the meaning ascribed to such term in the Initial Order;

“**Disallowed Claim**” means any Claim or Restructuring Claim, including any portion thereof, that has been disallowed, denied, dismissed, or overruled in accordance with the provisions of the Claims Process Order and any other applicable Orders;

“**Disbursing Agent**” means the Petitioner, in its capacity as a disbursing agent;

“**Disputed Claim**” means an Affected Unsecured Claim or any portion thereof, that is subject to a Notice of Revision or Disallowance, or a Notice of Dispute, and in either case has become neither a Proven Claim nor a Disallowed Claim;

“**Disputed Claim Reserve**” means if applicable, the reserve to be established and maintained under this Plan by the Disbursing Agent by holding, on account of Disputed Claims, a number of Outstanding Common Shares or cash, as applicable, equal to the amount of Outstanding Common Shares or cash that the Holders of Disputed Claims would be entitled to receive if all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date;

“**Election Deadline**” means the time specified in the Creditors’ Meeting Order as the deadline for filing a form of proxy;

“**Election Notice**” means the election notice included in the form of proxy, which permits Affected Unsecured Creditors to make an election in accordance with Section 2.4(b)(i);

“**Excluded Claims**” has the meaning ascribed to such term in Section 2.3;

“**Existing Common Shares**” means all common shares in the capital of the Petitioner that are outstanding immediately prior to the Existing Share Consolidation;

“**Existing Share Consolidation**” means the consolidation of all Existing Common Shares at the rate of 150:1;

“**Existing Shareholders**” means the holders of Existing Common Shares;

“**Filing Date**” means December 19, 2008;

“**Filing Date Exchange Rate**” means the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Filing Date, being, for U.S. dollars, US\$1=Cdn\$1.2275;

“**Final Distribution Date**” means, [if applicable](#), a date selected by the Petitioner that is not later than five (5) days after the date on which the Monitor shall have certified to the Court that the last Disputed Claim in the CCAA Proceedings has been finally resolved;

“**Government Priority Claims**” means any Claim owing to Her Majesty the Queen in right of Canada or any Province as described in Section 18.2(1) of the CCAA;

“**Governmental Entities**” 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;

“**Holder**” means a Person holding a Claim or Restructuring Claim against the Petitioner;

“**Implementation Date**” means the first Business Day on which this Plan becomes effective and is implemented in accordance with Sections 8.5 and 8.6, as confirmed by a certificate filed by the Monitor with the Court;

“**Implementation Time**” means 5:00 p.m. on the Implementation Date;

“**Initial Distribution Date**” means the first Business Day that is five (5) days (or such [shorter or longer](#) period as may reasonably be determined by the Petitioner in consultation with the Monitor and the Senior Secured Noteholder Parties) after the Implementation Date;

“**Initial Distribution Record Date**” means the applicable date designated in the Sanction Order;

“**Initial Order**” means the Order of the Court dated December 19, 2008, as amended from time to time, pursuant to which, among other things, the Petitioner was granted certain relief pursuant to the CCAA;

“**Interim Distribution Dates**” means, [if applicable](#), the first Business Day occurring 30 days after the Initial Distribution Date, and subsequently, the first Business Day occurring 30 days

after the immediately preceding Interim Distribution Date (or such other dates as may be reasonably determined by the Disbursing Agent in consultation with the Monitor);

“**Interim Distribution Record Date**” means, with respect to any Interim Distribution Date, the 15th day prior to such Interim Distribution Date;

“**Issued Common Shares**” means that number of Common Shares and Class A Common Shares required to comply with the allocation of shares set out in Sections 6.1(a)(i)(D) and 6.1(a)(i)(E);

“**KERP Charge**” has the meaning ascribed to such term in the Order of the Court dated April 3, 2009 in the CCAA Proceedings;

“**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;

“**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, United States, or other applicable Law, affecting such interest in property;

“**Monitor**” means KPMG Inc., or any successor thereto appointed in accordance with the Initial Order or any further Order of the Court;

“**Monitor’s Website**” means [www.kpmg.ca/adanac](http://www.kpmg.ca/adanac);

“**Non-Terminated Contracts**” means the permits, licenses, contracts and purchase orders associated with the development of the Ruby Creek Project, if any, that are not terminated before the Implementation Date, either in their current form or as renegotiated with the applicable counterparties;

“**Noteholders Authorized Representative**” means [one of either Eric Colandrea or Jonathan Dorfman](#) of Highbridge Capital Management, LLC, the trading manager of Highbridge International LLC, [and their respective successors and permitted assigns](#);

“**Notice of Dispute**” has the meaning ascribed to such term in the Claims Process Order;

“**Notice of Revision or Disallowance**” has the meaning ascribed to such term in the Claims Process Order;

“**Obligations**” has the meaning ascribed to such term in Section 6.3(a);

“**Order**” means any order of the Court;

“**Outstanding Common Shares**” means the Issued Common Shares to be issued on the Implementation Date and the Consolidated Existing Common Shares;

**“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;

**“Petitioner”** means Adanac Molybdenum Corporation;

**“Plan”** means this plan of compromise and arrangement filed by the Petitioner pursuant to the provisions of the CCAA and the BCBCA, as it may be modified, amended, varied or supplemented by the Petitioner from time to time in accordance with its terms;

**“Plan Information Letter”** means the information letter of the Petitioner relating to this Plan, including the notice of meeting and exhibits attached thereto and any written amendment, variation or supplement thereto;

**“Plan Modification”** has the meaning ascribed to such term in Section 8.4(a);

**“Plan Supplement”** means any supplement to this Plan that is to be posted on the Monitor’s Website at least 14 days prior to the Creditors’ Meeting Date with notice of such posting being forthwith provided to the Service List (as such Plan Supplement may be thereafter modified, amended, varied or supplemented in accordance with the terms of this Plan);

**“Post-filing Claims”** means all valid claims, obligations and liabilities that are not Claims or Restructuring Claims, and arise from, or are in respect of any executory contract, purchase order, unexpired lease or other agreement that has been deemed ratified pursuant to this Plan;

**“Proof of Claim”** has the meaning ascribed to such term in the Claims Process Order;

**“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 the Petitioner or finally determined for distribution purposes in accordance with the provisions of this Plan, the CCAA, the Claims Process Order and any other applicable Orders;

**“Public Shareholders”** has the meaning ascribed to such term in the TSX Venture Exchange Corporate Finance Manual;

**“Registrar”** means the Registrar of Companies appointed under Section 400 of the BCBCA;

**“Released Claims”** has the meaning ascribed to such term in Section 6.3(b);

**“Released Parties”** has the meaning ascribed to such term in Section 6.3(b);

**“Required Majority”** means, in respect of any Affected Creditor Class, the affirmative vote of a majority in number in such Affected Creditor Class having Voting Claims and voting on its Resolution (in person or by proxy) at the Creditors’<sup>2</sup> Meeting in respect of such Affected Creditor Class and representing not less than 66<sup>2</sup>/<sub>3</sub>% in value of the Voting Claims voting on its Resolution (in person or by proxy) at such Creditors’<sup>2</sup> Meeting;

**“Resolution”** means, in respect of an Affected Creditor Class, the resolution for such Affected Creditor Class substantially in the respective form attached as Schedules “II” and “III” to the Plan Information Letter, providing for the approval of this Plan by the respective Affected Creditors comprising the Affected Creditor Classes;

**“Restructuring Claim”** means any right or Claim of any Person against the Petitioner arising as a result of or in connection with the repudiation, breach, termination or restructuring by the Petitioner after the Filing Date of any contract, purchase order, agreement, lease, employment or other obligation of any kind whatsoever;

**“Restructuring Term Sheet”** means the Restructuring Term Sheet dated June 28, 2010 among the Petitioner, the Senior Secured Noteholder Parties and the Monitor;

**“Sanction Order”** means an Order by the Court sanctioning this Plan pursuant to the CCAA and the BCBCA, as such Order may be amended or supplemented from time to time;

**“Securities Purchase Agreement”** means the Securities Purchase Agreement dated May 23, 2008 among the Petitioner, Jefferies & Company, Inc., as Agent, and The Bank of New York, as Collateral Agent, as amended;

**“Senior Secured Noteholders”** means the legal and beneficial holders of the Senior Secured Notes;

**“Senior Secured Noteholders’ Allowed Claim”** has the meaning ascribed to such term in Section 4.2;

**“Senior Secured Noteholders’ Allowed Secured Claim”** has the meaning ascribed to such term in Section 4.2(a);

**“Senior Secured Noteholders’ Allowed Unsecured Claim”** has the meaning ascribed to such term in Section 4.2(b);

**“Senior Secured Noteholders’ Cash Pool”** means the cash pool that may be established by the Disbursing Agent on the Implementation Date for the benefit of the Senior Secured Noteholders in accordance with the provisions of this Plan;

**“Senior Secured Noteholder Class”** means the class of creditors grouped in accordance with their Senior Secured Noteholders’ Allowed Secured Claims against the Petitioner for the purposes of considering and voting on this Plan in accordance with the provisions of this Plan and receiving distributions hereunder, such class being comprised solely of the Senior Secured Noteholders;

**“Senior Secured Noteholder Parties”** means the Senior Secured Noteholders who entered into the Restructuring Term Sheet and any of their respective successors and permitted assigns;

**“Senior Secured Notes”** means the Senior Secured 15% Notes due January 31, 2009 issued by the Petitioner pursuant to the Securities Purchase Agreement;

**“Service List”** means the service list posted on the Monitor’s Website, as amended;

“**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;

“**Unaffected Creditor**” means any creditor that is the Holder of an Excluded Claim, in respect of and to the extent of those Excluded Claims;

“**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 any Creditors’ Meeting, in accordance with the provisions of this Plan and the Creditors’ Meeting Order; and

“**Voting Record Date**” means October 25, 2010 or such other date as may be determined by the Monitor.

## **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 (i) currency and to “\$” or “Cdn\$” are to Canadian dollars and (ii) to “US\$” are to United States dollars, except as otherwise indicated;
- (d) all references in this Plan to Articles, Sections and Schedules are references to Articles, Sections and Schedules of or to this Plan;
- (e) 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;
- (f) the division of this Plan into Articles, Sections, Schedules, and paragraphs and the insertion of captions and headings to Articles, Sections, Schedules and paragraphs are for convenience of reference only and are not intended to affect the interpretation of, or to be part of this Plan;
- (g) 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;

- (h) the deeming provisions are not rebuttable and are conclusive and irrevocable;
- (i) the words “includes” and “including” are not limiting; and
- (j) 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 Time**

All times expressed in this Plan are prevailing local time Vancouver, British Columbia, Canada unless otherwise stipulated.

### **1.5 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.

### **1.6 Schedules**

The following are the schedules to this Plan, which are incorporated by reference into this Plan and form an integral part of it:

- Schedule “A” – Terms and Conditions of Class A Common Shares

## **ARTICLE 2 COMPROMISE AND ARRANGEMENT**

### **2.1 Persons Affected**

This Plan provides for a restructuring and compromise of Affected Claims against the Petitioner. This Plan will become effective on the Implementation Date in accordance with its terms and in the sequence set forth in Section 6.1. Each Affected Claim against the Petitioner will be fully and finally compromised in the manner and the sequence as set forth in this Plan. This Plan shall be binding on and enure to the benefit of the Petitioner, the Affected Creditors of each Affected Creditor Class, the Released Parties, 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 Affected Claims**

Subject to Section 4.6, for the purpose of voting on, and distributions pursuant to, this Plan, the Affected Claims are divided into two classes as set out below:

- (a) the Senior Secured Noteholder Class; and

- (b) the Affected Unsecured Creditor Class.

### **2.3 Excluded Claims**

This Plan does not affect the following (each, an “**Excluded Claim**”):

- (a) any Claim secured by the Administration Charge, the Directors’ Charge and the KERP Charge (each, a “**CCAA Charge Claim**”);
- (b) any Post-filing Claim; and
- (c) any Government Priority Claim.

Creditors with Excluded Claims will not be entitled to vote at any Creditors’ Meeting or receive any distributions under this Plan in respect of the portion of their Claims that is an Excluded Claim. Nothing in this Plan shall affect the Petitioner’s rights and 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 Claims.

### **2.4 Treatment of Affected Claims**

#### **(a) Compromise of Senior Secured Noteholders’ Allowed Secured Claim**

- (i) In accordance with the provisions of this Plan and following the Existing Share Consolidation, the Senior Secured Noteholders will, in full and final satisfaction of the Senior Secured Noteholders’ Allowed Secured Claim, receive a *pro rata* allocation of:
  - (A) the Senior Secured Noteholders’ Cash Pool, if any; and
  - (B) 92% of the Outstanding Common Shares on a fully diluted basis.

#### **(b) Compromise of Affected Unsecured Claims**

- (i) Each Affected Unsecured Creditor with Proven Claims the aggregate face amount of which is (A) equal to or less than Cdn\$50,000 (being the Canadian dollar equivalent based on the Filing Date Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent of US\$40,733) or (B) reduced, for distribution purposes only, to Cdn\$50,000 (being the Canadian dollar equivalent based on the Filing Date Exchange Rate and, for the purposes hereof, deemed conclusively to be the equivalent of US\$40,733) pursuant to an election by the Holder made on the Election Notice, shall receive in full and final satisfaction of its Proven Claims, a cash distribution in an amount equal to the lesser of 10% of the face amount of its Proven Claims and Cdn\$5,000, unless in the case of clause (A), such Affected Unsecured Creditor files an Election Notice with the Monitor by the Election Deadline in which the Affected Unsecured Creditor elects to receive, in full and final satisfaction of its Proven Claim against the Petitioner, a distribution as set forth in Section

2.4(b)(ii) below. To be valid, an Election Notice must be received by the Monitor by the Election Deadline. Each Election Notice, once delivered to the Monitor, will be final and irrevocable and no Affected Unsecured Creditor shall be entitled to change, revoke or withdraw its election after receipt by the Monitor of such completed Election Notice.

- (ii) In accordance with the provisions of this Plan and following the Existing Share Consolidation, the Affected Unsecured Creditors (including the Senior Secured Noteholders in relation to the Senior Secured Noteholders' Allowed Unsecured Claim) with Proven Claims who do not receive a cash distribution pursuant to Section 2.4(b)(i) above will, in full and final satisfaction of their Proven Claims, receive 5% of the Outstanding Common Shares on a fully diluted basis, which Outstanding Common Shares shall be allocated *pro rata* to the applicable Affected Unsecured Creditors.

### **ARTICLE 3 TREATMENT OF UNAFFECTED CREDITORS**

#### **3.1 CCAA Charge Claims**

Holders of CCAA Charge Claims shall receive full payment in cash of such Claims within five (5) Business Days of the Implementation Date.

#### **3.2 Government Priority Claims**

Within six (6) months after the Sanction Order, the Petitioner will pay in full all Government Priority Claims.

#### **3.3 No Distribution of Outstanding Common Shares to Unaffected Creditors**

Under no circumstances, including under this Plan, shall Unaffected Creditors receive a distribution of Outstanding Common Shares.

### **ARTICLE 4 VALUATION OF AFFECTED CLAIMS, CREDITORS' MEETINGS AND RELATED MATTERS**

#### **4.1 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 those contemplated in Section 4.1(b), shall be converted by the Monitor to Canadian dollars at the Filing Date Exchange Rate; and
- (b) any Affected Claim arising as a result of or in connection with the repudiation, termination or restructuring by the Petitioner of any contract, purchase order,

lease or obligations 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 notice of the event that gave rise to such repudiation, termination or restructuring.

#### **4.2 Senior Secured Noteholders' Allowed Claim**

Notwithstanding any other provision of this Plan, the Affected Claim of the Senior Secured Noteholders shall be allowed against the Petitioner for the full amount of the principal, interest, late charges, costs and any other amounts owing under and in accordance with the Securities Purchase Agreement and the Senior Secured Notes (the “**Senior Secured Noteholders' Allowed Claim**”). The Senior Secured Noteholders' Allowed Claim will continue to accrue interest, late charges and any other amounts in accordance with the terms of the Securities Purchase Agreement and the Senior Secured Notes until the Implementation Date.

A portion of the Senior Secured Noteholders' Allowed Claim shall be allowed as a secured claim against the Petitioner and a portion of the Senior Secured Noteholders' Allowed Claim shall be allowed as an unsecured claim against the Petitioner as follows:

- (a) US\$40 million shall be allowed as a secured claim (the “**Senior Secured Noteholders' Allowed Secured Claim**”); and
- (b) the balance of the Senior Secured Noteholders' Allowed Claim shall be allowed as an unsecured claim (the “**Senior Secured Noteholders' Allowed Unsecured Claim**”) and shall constitute an Affected Unsecured Claim.

The Senior Secured Noteholders' Allowed Claim shall be adjusted in accordance with a schedule to be provided by the Noteholders Authorized Representative to, and reviewed by, the Petitioner and the Monitor on or before the Implementation Date that reflects all accrued interest, late charges and any other amounts outstanding under the terms of the Securities Purchase Agreement and the Senior Secured Notes up to and including the Implementation Date.

Each of the Senior Secured Noteholders' Allowed Secured Claim and the Senior Secured Noteholders' Allowed Unsecured Claim shall constitute a Proven Claim for the purpose of voting on and receiving distributions pursuant to this Plan.

#### **4.3 Affected Claims**

Affected Creditors shall be entitled to prove their respective Affected Claims, vote their Voting Claims in respect of this Plan and, if their Claims become Proven Claims, receive the distributions provided for, pursuant to the Claims Process Order, the Creditors' Meeting Order and this Plan.

#### **4.4 Classes of Creditors**

The only classes of creditors for the purpose of considering and voting on this Plan will be the Senior Secured Noteholder Class and the Affected Unsecured Creditors Class.

#### **4.5 Creditors' Meetings**

The Creditors' Meeting held in respect of each Affected Creditor Class shall be held in accordance with this Plan, the Creditors' 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 Resolution of such Affected Creditor Class or any other matters to be considered at such Creditors' Meeting.

#### **4.6 Approval by each Affected Creditor Class**

The Petitioner will seek approval of this Plan by the affirmative vote of the Required Majorities of the Affected Creditors with Voting Claims in each Affected Creditor Class. Any resolution, including the Resolution in respect of each of the Affected Creditor Classes, to be voted on at any Creditors' Meeting in respect of this Plan will be decided by the Required Majorities on a vote by ballot, and any other matter submitted for a vote at any 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.

#### **4.7 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 Process Order and the Creditors' Meeting Order. The Petitioner and the Monitor, in consultation with the Senior Secured Noteholder Parties, reserve the right to seek the assistance of the Court in valuing the Affected Unsecured Claim of any Affected Unsecured Creditor, if deemed advisable, or in determining the result of any vote on any of the Resolutions or otherwise at any Creditors' Meeting, or the amount, if any, to be distributed to any Affected Unsecured Creditor under this Plan, as the case may be.

#### **4.8 Affected Claims for Voting Purposes**

Each Affected Creditor with a Voting Claim 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 Claim (if necessary, converted into Canadian dollars in accordance with Section 4.1).

If the amount of the Affected Claim of any Affected Creditor is not resolved for voting purposes on the Voting Record Date in accordance with the Claims Process Order and the Creditors' Meeting Order, such Affected Creditor shall be entitled to vote at the Creditors' Meeting held in respect of the Affected Creditor Class to which it belongs based on that portion of its Affected Claim which has been accepted for voting purposes by the Monitor, without prejudice to the rights of the Petitioner, 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 Process Order, the Creditors' Meeting Order and this Plan.

Affected Creditors whose Affected Claims have been revised or disallowed, in full or in part, which revision or disallowance remains in dispute or under appeal in accordance with the Claims Process Order, shall have their voting intentions with respect to such disputed or disallowed amounts recorded by the Monitor and reported to the Court.

#### **4.9 Adjournments**

If any Creditors' Meeting is adjourned or postponed by the Chair, in his sole and absolute discretion, or because quorum is not obtained, such 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.

#### **4.10 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 such Affected Creditor's Class Resolution and any other matters before the Creditors' Meeting held in respect of such Affected Creditor Class. In the absence of such instruction, the proxy will be voted for the approval of such Resolution.

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 Creditors' Meeting and other matters that may properly come before any Creditors' Meeting.

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

#### **4.11 Claims Bar Dates**

If an Affected Creditor has failed to file its Proof of Claim prior to the relevant Claims Bar Dates and has not been permitted to file a late Claim pursuant to the Claims Process Order, such Affected Creditor shall be forever barred from voting at the Creditors' Meeting held in respect of the Affected Creditor Class to which it belongs and from receiving a distribution, and the Petitioner shall be released from the Affected Claims of such Affected Creditor and Section 6.3(b) shall apply to all such Affected Claims.

#### **4.12 No Shareholders Meeting**

The Creditors Meeting Order, which shall be in form and substance acceptable to the Petitioner and the Senior Secured Noteholder Parties, will provide that the Petitioner is not required to hold a meeting of shareholders for the purpose of voting on this Plan.

### **ARTICLE 5 DISTRIBUTIONS IN RESPECT OF DISPUTED CLAIMS**

#### **5.1 No Distributions 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. Both before and after the Implementation Date, Disputed Claims shall be dealt with in accordance with the Claims Process Order.

## 5.2 Disputed Claim Reserve

~~As of~~ if necessary, on the Implementation Date, the Disbursing Agent shall establish the Disputed Claim Reserve by holding on account of Disputed Claims a number of Outstanding Common Shares or cash, as applicable, equal to the amount of Outstanding Common Shares or cash that the Holders of Disputed Claims would be entitled to receive if, in the case of the Outstanding Common Shares, all such Disputed Claims had been Proven Claims in their entire amount on the Initial Distribution Record Date and, in the case of cash, all such Disputed Claims had been Proven Claims in the amount pursuant to Section 2.4(b)(i) of this Plan. ~~The~~ If applicable, the Outstanding Common Shares deposited in the Disputed Claim Reserve shall not be voted by the Disbursing Agent and holder of record of such securities, except pursuant to, and in accordance with, an Order of the Court.

## 5.3 Distributions From Disputed Claim Reserve Once Disputed Claims Resolved

~~The~~ If applicable, the Disbursing Agent, shall make allocations from the Disputed Claim Reserve to Holders of Proven Claims following the Initial Distribution Date in accordance with this Plan. To the extent that Disputed Claims become Proven Claims after the Initial Distribution Record Date, the Disbursing Agent shall, on the applicable Interim Distribution Date or the Final Distribution Date, distribute from the Disputed Claim Reserve to the Holders of such Proven Claims, the Outstanding Common Shares or cash, as applicable, that they would have been entitled to receive in respect of such Proven Claims had such Affected Claims been Proven Claims on the Initial Distribution Record Date and, in the case of cash, following application of Section 2.4(b)(i). To the extent that any Disputed Claim or a portion thereof has become a Disallowed Claim after the Initial Distribution Record Date, then the Disbursing Agent shall, on the applicable Interim Distribution Date or the Final Distribution Date, distribute to the Holders of Affected Unsecured Claims in the Affected Unsecured Creditor Class that have previously been adjudicated under this Plan to be Proven Claims and did not make an election pursuant to Section 2.4(b)(i), their *pro rata* share from the Disputed Claim Reserve of such additional Outstanding Common Shares kept in the Disputed Claim Reserve on account of such Disallowed Claims. Any cash held by the Disbursing Agent in the Disputed Claim Reserve on account of any Disputed Claim that has become a Disallowed Claim after the Initial Distribution Record Date shall be returned to the Petitioner. ~~The~~ If there are any Disputed Claims, the Disbursing Agent shall make its last distribution on the Final Distribution Date.

# ARTICLE 6 TERMS OF COMPROMISE AND ARRANGEMENT

## 6.1 Plan Implementation

### (a) Plan Transactions

Each of the following transactions contemplated by and provided for under this Plan will be consummated and effected and shall for all purposes be deemed to occur on the Implementation Date, in the manner and the sequence as set forth below. Accordingly, all of the actions, documents and agreements necessary to implement all such transactions must be in place and be final and irrevocable prior to the Implementation Date to be held in escrow until their release without any further act or formality, except as provided in the Sanction Order.

On the Implementation Date, each of the following transactions shall be consummated and effected:

- (i) **Arrangement.** At the Implementation Time, each of the actions, transactions or events set out in this Section 6.1(a)(i) shall occur and be deemed to occur in the following sequence:
  - (A) the notice of articles and articles of the Petitioner will be amended to increase the Petitioner's authorized share capital by creating an unlimited number of Class A Common Shares with the rights and restrictions set out in Schedule "A" hereto;
  - (B) all of the Petitioner's Existing Common Shares will be consolidated pursuant to the Existing Share Consolidation and all outstanding warrants, options, agreements, instruments or other rights in respect of the Existing Common Shares or fractional interests therein will, without any further act or formality, be cancelled without payment of any consideration therefor and cease to be of any further force or effect;
  - (C) the Petitioner will issue that number of Common Shares and Class A Common Shares required to comply with the allocation of shares set out in Sections 6.1(a)(i)(D) and 6.1(a)(i)(E) below;
  - (D) the balance of the Senior Secured Noteholders' Allowed Secured Claim remaining after any cash distributions from the Senior Secured Noteholders' Cash Pool, if any, to Senior Secured Noteholders, will, in full satisfaction of such claim, be exchanged for that number of Common Shares and Class A Common Shares issued from treasury of the Petitioner that will result in the allocation to the Senior Secured Noteholders as set out in Section 6.1(a)(i)(F) below; provided, however, that such Common Shares and Class A Common Shares will be comprised of (i) the maximum number of Common Shares that can be issued to the Senior Secured Noteholders without causing Public Shareholders (including, for greater certainty, those Senior Secured Noteholders who are Public Shareholders) to hold less than 20% of the Common Shares unless Public Shareholders are permitted by the relevant stock exchange rules to hold less than 20% of the Common Shares, in which case, the maximum number of Common Shares that can be issued to the Senior Secured Noteholders without causing Public Shareholders to hold less than such lesser percentage of the Common Shares, and (ii) the balance, if any, in Class A Common Shares;
  - (E) the Affected Unsecured Claims (including the Senior Secured Noteholders' Allowed Unsecured Claim) that are Proven Claims will, in full satisfaction of such Proven Claims, be exchanged for that number of Common Shares issued from treasury of the

Petitioner that will result in the allocation to Affected Unsecured Creditors as set out in Section 6.1(a)(i)(F) below;

- (F) subject to sections 6.1(a)(i)(A) through 6.1(a)(i)(E) above and following the Existing Share Consolidation, the Outstanding Common Shares shall be allocated and issued as follows:
- (1) in consideration for the Senior Secured Noteholders' Allowed Secured Claim, the Senior Secured Noteholders shall receive 92% of the Outstanding Common Shares, which Outstanding Common Shares shall be allocated *pro rata* to the Senior Secured Noteholders;
  - (2) in consideration for the Affected Unsecured Claims, the Affected Unsecured Creditors (including the Senior Secured Noteholders in relation to the Senior Secured Noteholders' Allowed Unsecured Claim) with Proven Claims shall, in full and final satisfaction of their Proven Claims, receive 5% of the Outstanding Common Shares, which Outstanding Common Shares shall be allocated *pro rata* to the Affected Unsecured Creditors;
  - (3) the Existing Shareholders will retain 3% of the Outstanding Common Shares; and
  - (4) any entitlement to a fractional Outstanding Common Share shall, without any further act or formality, be cancelled without payment of any consideration therefor and cease to be of any further force or effect.
- (ii) **Senior Secured Noteholders' Cash Pool.** The Senior Secured Noteholders' Cash Pool, if any, will be established by the Disbursing Agent on the Implementation Date in an amount determined by the Petitioner, in consultation with the Monitor, the Chief Restructuring Officer and the Senior Secured Noteholder Parties, by taking into account the amount of cash that the Petitioner will reasonably require for working capital purposes and to fulfill its obligations on the Implementation Date. Any distributions by the Disbursing Agent from the Senior Secured Noteholders' Cash Pool will be allocated *pro rata* to the Senior Secured Noteholders .
- (iii) **Reserve for Disputed Claims.** The Disputed Claim Reserve, if any, will be established on the Implementation Date.
- (iv) **Payment of Excluded Claims.** The Excluded Claims will be paid as set forth in this Plan.

- (v) **Outstanding Common Shares.** The Outstanding Common Shares to be distributed to Affected Creditors will be issued and delivered in accordance with this Plan.
- (vi) **Compromise of Debt.** The Affected Claims will be settled, compromised, released or otherwise dealt with in accordance with this Plan.
- (vii) **Stay Termination.** The stay of proceedings provided for in the Initial Order, and subsequently extended by further Orders of the Court, will terminate and expire at 5:01 p.m. on the Final Distribution Date.

## 6.2 Corporate Action

On the Implementation Date, all corporate actions contemplated by this Plan shall be deemed to have been authorized and approved in all respects (subject to the provisions of this Plan). All matters provided for in this Plan shall be deemed to have timely occurred, in accordance with applicable Law, and shall be effective, without any requirement of further action by the creditors, securityholders, directors, officers or managers of the Petitioner. On the Implementation Date, the directors and officers of the Petitioner shall be authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by this Plan, in the name of and on behalf of the Petitioner.

## 6.3 Plan Releases

The following releases will become effective at the Implementation Time:

### (a) Releases by the Petitioner

As at the Implementation Time and subject to the provisions of Section 5.1(2) of the CCAA, the Petitioner 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 the Petitioner 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 Time in any way relating to, arising out of or in connection with the business and affairs of the Petitioner, the subject matter of, or the transactions or events giving rise to any Claims or Restructuring Claims, the dilution of the Existing Common Shares and the related Existing Share Consolidation, this Plan, and the CCAA Proceedings that could be asserted by or on behalf of the Petitioner against: (i) the present or former directors, officers and employees of the Petitioner, including the Chief Restructuring Officer, in each case in their

respective capacities as of the Implementation Date; (ii) the agents, legal counsel, financial advisors and other professionals of the Petitioner, in each case in their respective capacities as of the Implementation Date; (iii) the Monitor and its legal counsel; (iv) the Senior Secured Noteholder Parties and their legal counsel; (v) the Noteholders Authorized Representative and its legal counsel; (vi) the Collateral Agent; and (vii) 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, dependents, administrators and executors.

**(b) Releases by Others**

As at the Implementation Time, (i) the Petitioner, (ii) the Monitor, (iii) the Chief Restructuring Officer, (iv) the Senior Secured Noteholder Parties; (v) the Noteholders Authorized Representative, (vi) the Collateral Agent, and (vii) 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, dependents, 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 the Holders and the Petitioner, as applicable, and any Person who may claim contribution or indemnification against or from them) may be entitled to assert (including any and all Claims or Restructuring Claims in respect of potential statutory liabilities of the Released Parties for which the Initial Order authorized the granting of a CCAA Charge or Claims or Restructuring Claims for which the Released Parties who are directors are by law liable in their capacity as directors for the payment of such claims, but other than the rights of Persons to enforce this Plan and the contracts, instruments, releases and other agreements or documents delivered hereunder) 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 Time in any way relating to, arising out of or in connection with the business and affairs of the Petitioner, the subject matter of, or the transactions or events giving rise to, any Claims or Restructuring Claims, the dilution of the Existing Common Shares and the related Existing Share Consolidation, the CCAA Charges, this Plan, and the CCAA Proceedings (collectively, the "**Released Claims**"), provided, however, that nothing herein will release or discharge any such Released Party (A) if the Released Party is judged by the expressed terms of a judgment rendered on a final determination on the merits to have committed fraud or wilful misconduct or to have been grossly negligent, and (B) in the case of directors or officers of the Petitioner, in respect of any claim referred to in Section 5.1(2) of the CCAA.

#### **6.4 Permanent Injunction**

From and after the Implementation Time, 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 action, suits or demands, including, without limitation, by way of contribution or indemnity or other relief, in common law, or in equity, or under the provisions of any statute or regulation, or other proceedings of any nature or kind whatsoever (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes such a claim or might reasonably be expected to make such a claim, in any manner or forum, against 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.

#### **6.5 Waiver of Defaults**

From and after the Implementation Time, all Persons shall be deemed to have waived any and all defaults of the Petitioner then existing or previously committed by the Petitioner or caused by the Petitioner, 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 the Petitioner arising from the filing by the Petitioner 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.

#### **6.6 Cancellation of Senior Secured Notes and Agreements**

As at the Implementation Time:

- (a) the Senior Secured Notes, the Securities Purchase Agreement and any related debenture, indenture, general security agreement or other instrument or document evidencing or creating any such indebtedness or obligation shall be cancelled or otherwise alienated, as the case may be, in accordance with this Plan; and
- (b) the obligations of, and Affected Claims against, the Petitioner under, relating, or pertaining to any agreements, contracts, purchase orders, indentures, certificates of designation, bylaws, or certificate or articles of incorporation or other instrument or document evidencing or creating any indebtedness or obligation of the Petitioner, as the case may be, shall be released and discharged as between a Holder of an Affected Claim and the Petitioner.

## **6.7 Cancellation of Liens**

As at the Implementation Time, in consideration for the distributions to be made on the Implementation Date pursuant to this Plan, all Liens and rights related to any Claim or Restructuring Claim, including those existing under the Senior Secured Notes, shall be terminated, null and void and be of no effect.

## **6.8 Corporate Governance**

As of the Implementation Date, all of the directors of the Petitioner shall resign in favour of a board of directors of the Petitioner that is acceptable to the Senior Secured Noteholder Parties. The resignation and appointment of the new board of directors of the Petitioner under this Section 6.8 shall be simultaneous and occur on the Implementation Date.

# **ARTICLE 7 PROVISIONS GOVERNING DISTRIBUTIONS**

## **7.1 Distributions for Affected Claims Allowed as at the Initial Distribution Date**

Except as otherwise provided herein or as ordered by the Court, distributions to be made on account of Affected Claims that are Proven Claims as at the Initial Distribution Record Date shall be made on the Initial Distribution Date. Thereafter, any distributions on account of Affected Claims that are determined to be Proven Claims after the Initial Distribution Record Date, if any, shall be made on the applicable Interim Distribution Date or the Final Distribution Date and in accordance with Article 5 and Article 7.

## **7.2 Assignment of Affected Claims**

For purposes of determining entitlement to receive any distribution pursuant to this Plan, the Petitioner, the Disbursing Agent and 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 the Petitioner, the Disbursing Agent and the Monitor, as the case may be, at least five (5) Business Days prior to the Initial Distribution Record Date, and, if applicable, any Interim Distribution Record Date or the Final Distribution Date.

## **7.3 Interest on Affected Claims**

Other than the Senior Secured Noteholders' Allowed Claim (which includes the Senior Secured Noteholders' Allowed Secured Claim and the Senior Secured Noteholders' Allowed Unsecured Claim), interest shall not accrue or be paid on any Affected Claim after or in respect of the period following the Filing Date, and no Holder of an Affected Claim shall be entitled to any interest accruing on or after or in respect of the period following the Filing Date on any such Affected Claim. Interest shall also not accrue or be paid on any Disputed Claim in respect of the period from the Filing Date to on or before the Final Distribution Date if a distribution is made thereon and such Disputed Claim becomes a Proven Claim.

To the extent that any Proven Claim to which a distribution under this Plan relates is comprised 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.

#### **7.4 Distributions by Disbursing Agent**

The Disbursing Agent shall make all distributions required under this Plan subject to the provisions of Article 5 and Article 7. In connection with all distributions made hereunder by the Disbursing Agent, the Disbursing Agent shall advise each Affected Creditor with a Proven Claim of (a) the total number of Outstanding Common Shares as of the Implementation Date and (b) the total amount of the Senior Secured Noteholders' Cash Pool.

#### **7.5 Disbursing Agent Shall Not Distribute Cash Below Cdn\$10**

The Disbursing Agent shall not be required to, but may in its sole and absolute discretion: (a) make Cash distributions to Holders of Proven Claims in an amount less than Cdn\$10; or (b) make any distribution on account of any Proven Claim in the event that the costs of making such payment exceed the value of such distribution.

#### **7.6 Disbursing Agent Shall Not Distribute Fractional Shares**

Notwithstanding any other provision of this Plan, only whole numbers of Outstanding Common Shares shall be distributed to Holders of Proven Claims. When any distribution on account of any Proven Claim would otherwise result in the distribution of a number of Outstanding Common Shares that is not a whole number, the actual distribution of such shares shall be rounded to the next higher or lower whole number of shares as follows: (i) fractions equal to or greater than 1/2 shall be rounded to the next higher whole number; and (ii) fractions less than 1/2 shall be rounded to the next lower number. No consideration shall be provided in lieu of fractional shares of Outstanding Common Shares that are rounded down.

#### **7.7 Delivery of Distributions**

##### **(a) Proven Claims**

Subject to Section 7.2, distributions to Holders of Proven Claims shall be made by the Disbursing Agent as follows: (i) in the case of the Senior Secured Noteholders, at the addresses set forth in a written notice to be delivered to the Disbursing Agent prior to the Implementation Date; (ii) in the case of all other Holders, at the addresses set forth on the Proofs of Claim filed by such Holders; and (iii) at the addresses set forth in any written notice of address change delivered to the Disbursing Agent after the date of any related Proof of Claim.

##### **(b) Undeliverable Distributions**

If any distribution to a Holder of a Proven Claim is returned as undeliverable, no further distributions to such Holder of such Claim shall be made unless and until the Disbursing Agent is notified of the current address of such Holder, at which

time all missed distributions shall be made to such Holder without interest. Undeliverable distributions shall be returned to the Petitioner until such distributions are claimed. The Petitioner 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 90 days after the Initial Distribution Date, the applicable Interim Distribution Date or the Final Distribution Date, as the case may be, after which date all unclaimed property shall revert to the Petitioner free of any restrictions or claims thereon and the Claim of any Holder or successor to such Holder with respect to such property shall be discharged and forever barred.

## **7.8 Withholding Taxes**

In connection with this Plan, all distributions made hereunder by the Disbursing Agent shall be made net of all applicable Taxes. Notwithstanding any other provision of this Plan, each Affected Creditor with a Proven Claim that is to receive a distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed by any Governmental Entity (including income, withholding and other Tax obligations on account of such distribution). The Disbursing Agent shall be authorized 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.

## **7.9 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.

# **ARTICLE 8 MISCELLANEOUS**

## **8.1 Non-Terminated Contracts**

Except as otherwise provided in this Plan, as of the Implementation Time, the Non-Terminated Contracts shall be deemed ratified.

## **8.2 Confirmation of Plan**

Provided that this Plan is approved by the Required Majorities:

- (a) the Petitioner shall forthwith seek the Sanction Order for the approval of this Plan; and

- (b) subject to the Sanction Order being made in form and substance acceptable to the Petitioner and the Senior Secured Noteholder Parties and the satisfaction of the conditions to the implementation of this Plan set forth in Section 8.5, this Plan shall be implemented by the Petitioner and shall be binding upon each of the Petitioner and all Persons referred to in this Plan.

### **8.3 Paramourncy**

From and after the Implementation Date, any conflict between (i) this Plan, and (ii) the covenants, warranties, representations, terms, conditions, provisions or obligations, express or implied, of any contract, purchase order, mortgage, security agreement, indenture, trust indenture, loan or other agreement, commitment letter, by-laws of the Petitioner, lease or other arrangement or undertaking, written or oral (including any and all amendments or supplements thereto) existing with, between or among one or more of the Affected Creditors and the Petitioner as at the Implementation Date will be deemed to be governed by the provisions of this Plan and the Sanction Order, which shall take precedence and priority. All Affected Creditors shall be deemed irrevocably for all purposes to consent to all transactions contemplated in and by this Plan.

### **8.4 Modification of Plan**

#### **(a) Prior to or at Creditors' Meetings**

The Petitioner, in consultation with the Monitor, and with the prior written approval of the Senior Secured Noteholder Parties, reserves the right to file any modification of, or amendment, variation or supplement to, this Plan, including by any Plan Supplement (each a "**Plan Modification**") prior to the Creditors' Meeting Date or at or before any Creditors' Meeting without the need for obtaining an Order of the Court 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, in which case, any such Plan Modification shall, for all purposes, be and be deemed to form part of and be incorporated into this Plan. The Petitioner shall give notice of any Plan Modification at the Creditors' Meeting in respect of each Affected Creditor Class prior to the vote being taken to approve this Plan. The Monitor shall post on the Monitor's Website, as soon as possible, any Plan Modification, with notice of such posting forthwith provided to the Service List.

#### **(b) After Creditors' Meetings**

After each Creditors' Meeting (and both prior to and subsequent to the obtaining of the Sanction Order), the Petitioner, in consultation with the Monitor, and with the prior written approval of the Senior Secured Noteholder Parties, may at any time and from time to time modify, amend, vary or supplement this Plan, without the need for obtaining an Order of the 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 this Plan or the Sanction Order and is necessary in order to give effect to the substance of this Plan or the Sanction Order. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to this Plan, with notice of such posting forthwith provided to the Service List.

## 8.5 Conditions Precedent to Implementation of Plan

The implementation of this Plan by the Petitioner is subject to the following conditions precedent, which may be waived in writing as provided in Section 8.6:

- (a) the approval of this Plan by the Required Majorities shall have been obtained;
- (b) the Sanction Order sanctioning this Plan, in form and substance satisfactory to the Petitioner, the Monitor and the Senior Secured Noteholder Parties, 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, and shall among other things:
  - (i) declare that: (A) this Plan has been approved by the Required Majorities of Affected Creditors in conformity with the CCAA; (B) the Petitioner has complied with the provisions of the CCAA and the Orders made in the CCAA Proceedings in all respects; (C) the Court is satisfied that the Petitioner has not done or purported to do anything that is not authorized by the CCAA; and (D) this Plan and the transactions contemplated hereby are fair and reasonable, and in the best interests of the Petitioner, the Affected Creditors and the other stakeholders of the Petitioner (having considered, among other things, the composition of the vote, what creditors would receive in liquidation or sale as compared to this Plan, alternatives to this Plan or liquidation or sale, the treatment of shareholders and the public interest);
  - (ii) order that this Plan (including the settlements, compromises, arrangements, reorganizations, corporate transactions and releases set out herein) is sanctioned and approved pursuant to Section 6 of the CCAA and, as at the Implementation Date, will be effective and will enure to the benefit of and be binding upon the Petitioner and all other Persons named or referred to in this Plan or in the Sanction Order, if any;
  - (iii) declare that all Proven Claims determined in accordance with the Claims Process Order and the Creditors' Meeting Order are final and binding on the Petitioner and all Affected Creditors;
  - (iv) declare that no Person who is a party to a Non-Terminated Contract may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract and no automatic termination will have any validity or effect, by reason of:
    - (A) any event that occurred on or prior to the Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Petitioner);

- (B) the insolvency of the Petitioner or the fact that the Petitioner sought or obtained relief under the CCAA;
  - (C) any of the terms of this Plan or any action contemplated herein;
  - (D) any settlements, compromises or arrangements effected pursuant to this Plan or any action taken or transaction effected pursuant to this Plan; or
  - (E) any change in the control of the Petitioner arising from the implementation of this Plan and declare that any consent required under any such contracts, leases, agreements or other arrangements in respect of any such change of control be deemed satisfied;
- (v) confirm the releases contemplated by Section 6.3;
  - (vi) enjoin the commencement or prosecution, whether directly, derivatively or otherwise, or any demands, claims, actions, causes of action, counterclaims, suits, or any indebtedness, liability, obligation or cause of action released and discharged pursuant to this Plan;
  - (vii) order that all CCAA Charges will be released and discharged upon the filing by the Monitor of a certificate with the Court confirming that all obligations secured thereby have been paid in accordance with Section 3.1 or adequate alternate arrangements satisfactory to the parties and the Monitor in whose favour such charges operate have been made;
- (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 the Petitioner and the Senior Secured Noteholder Parties, each acting reasonably, are necessary to implement the provisions of this Plan and/or the Sanction Order;
  - (e) receipt of all consents and approvals of Governmental Entities (including the British Columbia Ministry of Mines) and other applicable third parties necessary in order to implement this Plan, all on terms and conditions reasonably acceptable to the Senior Secured Noteholder Parties (which condition is for the sole benefit of the Senior Secured Noteholder Parties and may be waived by the Senior Secured Noteholder Parties);
  - (f) 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;
  - (g) the listing and trading of the Common Shares on a stock exchange acceptable to the Senior Secured Noteholder Parties, as of the Implementation Date, subject to

the Petitioner making only customary post-completion filings (which condition is for the sole benefit of the Senior Secured Noteholder Parties and may be waived by the Senior Secured Noteholder Parties);

- (h) the Issued Common Shares to be issued to the Senior Secured Noteholders and the Affected Unsecured Creditors pursuant to this Plan shall have been offered, and will be issued and sold, pursuant to exemptions from the prospectus and registration requirements of applicable Canadian provincial securities laws and the registration requirements of U.S. federal securities laws and shall not be subject to any hold period or restrictions on resale under Canadian provincial (provided that the conditions in subsection 2.6(3) of National Instrument 45-102 are satisfied) and U.S. federal securities laws (other than restrictions on resale under U.S. federal securities laws for persons who are “affiliates” of the Petitioner at the Implementation Date or within 90 days prior to the Implementation Date);
- (i) the Outstanding Common Shares shall be exempt from the registration requirements under Section 12(g) of the U.S. Securities and Exchange Act of 1934, as amended, at the Implementation Date (which condition is for the sole benefit of the Senior Secured Noteholder Parties and may be waived by the Senior Secured Noteholder Parties); and
- (j) the filing of a copy of the Sanction Order and all other required documents with the Registrar pursuant to Section 292 of the BCBCA.

## **8.6 Waiver of Conditions**

Each of the conditions set forth in Section 8.5 above (except those set forth in Sections 8.5(e), (g) and (i), which may only be waived by the Senior Secured Noteholder Parties) may be waived in whole or in part by the Petitioner, with the prior written approval of the Senior Secured Noteholder Parties, 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 the Petitioner regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Petitioner). The failure of the Petitioner 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.

## **8.7 Monitor’s Certificates of Completion**

The Monitor shall file with the Court the following certificates of completion:

- (a) Upon the satisfaction or waiver of each of the conditions precedent set out in Section 8.5, 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);
- (b) Upon the payment of all obligations secured by the CCAA Charges in accordance with Section 3.1 or adequate alternate arrangements satisfactory to the parties and the Monitor in whose favour such charges operate, the Monitor shall file with the Court a certificate confirming same; and
- (c) Upon the resolution of the last Disputed Claim in the CCAA Proceedings, if any, the Monitor shall file with the Court a certificate confirming same and, thereafter, any remaining distributions under this Plan will be made by the Disbursing Agent on or before the Final Distribution Date.

## **8.8 Conclusive Evidence**

The filing of the Sanction Order with the Registrar will be conclusive evidence that the Arrangement has become effective.

## **8.9 Notices**

Any notices or communication to be made or given hereunder to the Petitioner, the Monitor and the Senior Secured Noteholder Parties shall be in writing and shall refer to this Plan and may, subject as hereinafter provided, be made or given by telecopier or e-mail addressed to the respective parties as follows:

- (a) if to the Petitioner:

Attention: President/Chief Executive Officer  
Telecopier: 604.536.8411

with a copy to Fasken Martineau DuMoulin LLP

Attention: Kibben Jackson  
Telecopier: 604.632.4786  
E-mail: kjackson@fasken.com

- (b) if to the Monitor:

Attention: Peter Gibson  
Telecopier: 604.691.3036  
E-mail: pgibson@kpmg.ca

with a copy to Borden Ladner Gervais LLP

Attention: Magnus Verbrugge  
Telecopier: 604.622.5898  
E-mail: mverbrugge@blgcanada.com

(c) if to the Senior Secured Noteholder Parties:

Attention: ~~Eric Colandrea~~[Jonathan Dorfman](#)  
Telecopier: 212.751.0755  
E-mail: ~~eric.colandrea~~[jonathan.dorfman@highbridge.com](mailto:jonathan.dorfman@highbridge.com)

with a copy to Goodmans LLP

Attention: Joseph Pasquariello  
Telecopier: 416.979.1234  
E-mail: [jpasquariello@goodmans.ca](mailto:jpasquariello@goodmans.ca)

or to such other telecopier or e-mail as any party may from time to time notify the others in accordance with this Section 8.9. All such notices and communications shall be deemed to have been received, in the case of notice by telecopier 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 the Petitioner 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 the Monitor or the Petitioner to an Affected Creditor may be sent by telecopier, e-mail, ordinary mail, registered mail, courier or telecopier transmission. 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 telecopier 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) in the case of the Senior Secured Noteholders, at the addresses set forth in a written notice to be delivered to the Disbursing Agent and the Monitor prior to the Implementation Date; (ii) in the case of all other Holders, at the addresses set forth in the Proofs of Claim filed by such Holders; or (iii) to the address set forth in any written notice of address changes delivered to the Disbursing Agent and the Monitor.

#### **8.10 Severability of Plan Provisions**

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 the Petitioner, which request shall be made in consultation with the Monitor and the Senior Secured Noteholder Parties, 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.

### **8.11 Non-consummation**

If the Sanction Order is not issued, (i) this Plan shall be null and void in all respects, (ii) any Claim or Restructuring Claim, any settlement, compromise or release embodied in this Plan (including the fixing or limiting of any Claim or Restructuring Claim to a certain amount), assumption or termination, repudiation of executory contracts or leases affected 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 Claims or Restructuring Claims by or against the Petitioner or any other Person;
- (b) prejudice in any manner the rights of the Petitioner or any Person in any further proceedings involving the Petitioner; or
- (c) constitute an admission of any sort by the Petitioner or any other Person.

### **8.12 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.

### **8.13 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 A**

### **Terms and Conditions of Class A Common Shares**

The rights, privileges, restrictions and conditions attaching to the Class A Common Shares, as a class, shall be as follows:

#### **Voting**

The holders of the Class A Common Shares shall be entitled to one vote for each Class A Common Share held at all meetings of shareholders of the Petitioner, other than meetings at which only the holders of another class or series of shares are entitled to vote separately as a class or series.

#### **Dividends**

The holders of the Common Shares and the Class A Common Shares shall be entitled to receive dividends, and the Petitioner shall pay dividends thereon, if, as and when declared by the directors out of the moneys of the Petitioner properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, provided that all dividends declared on the Common Shares and the Class A Common Shares shall be declared and paid at the same time, and in equal amounts, share for share, without any preference or priority of one class over the other.

#### **Subdivision or Consolidation**

No subdivision or consolidation of the Common Shares or the Class A Common Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

#### **Dissolution**

In the event of the dissolution, liquidation or winding-up of the Petitioner, whether voluntary or involuntary, or any other distribution of assets of the Petitioner among its shareholders for the purpose of winding up its affairs, the holders of the Common Shares shall be entitled to receive the remaining property and assets of the Petitioner *pari passu* with the holders of the Class A Common Shares.

#### **Conversion Right**

The Class A Common Shares are convertible at any time, at the option of the holders, into Common Shares on a share-for-share basis.

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