



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 A PLAN OF COMPROMISE OR ARRANGEMENT
OF ADANAC MOLYBDENUM CORPORATION**

PETITIONER

NOTICE OF APPLICATION

Name of applicant: Adanac Molybdenum Corporation ("Adanac")

To: All Parties of Record and their Solicitors

TAKE NOTICE that an application will be made by the applicant to Mr. Justice Burnyeat in Chambers at the courthouse at 800 Smithe Street, Vancouver, British Columbia on October 18, 2010 at 9:00 a.m. for the orders set out in Part 1 below.

Part 1 ORDERS SOUGHT

1. An Order:

- (a) extending the stay of proceedings (the "Stay") provided for in the December 19, 2008 Order of this Court (the "Initial Order") until 11:59 p.m. (Vancouver time) on December 31, 2010;
- (b) authorizing the Petitioner ("Adanac") to file a plan of arrangement in substantially the form attached as Exhibit "A" to the First Affidavit of Leonard Sojka (the "Plan"); and
- (c) authorizing and directing Adanac to call meetings of its creditors to consider and vote upon the approval of the Plan,

all substantially in the form attached as Schedule "A" hereto.

2. An Order approving the termination agreement between Adanac and Metso Minerals Canada Inc. ("Metso") dated September 22, 2010, substantially in the form attached as Schedule "B".
3. An Order approving the termination agreement between Adanac and Humboldt Wedag Inc. ("Humboldt") dated October 5, 2010, substantially in the form attached as Schedule "C".
4. An Order authorizing Adanac to dispose of any of its remaining assets, including by entering into agreements to terminate any contracts to which it is a party, without regard to the monetary limits set out in sub-paragraph 16(b)(i) of the Initial Order, substantially in the form attached as Schedule "D".

Part 2 FACTUAL BASIS

1. On December 19, 2008, the Petitioner filed for protection from its creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA"), and the Court granted the Initial Order.
2. Subsequently, the Stay has been extended on a number of occasions, most recently until 11:59 p.m. (Vancouver time) on October 29, 2010.

The Plan

3. On June 30, 2010, this Court approved the Restructuring Term Sheet dated June 28, 2010 among Adanac and certain of the Lenders (as that term is defined in the Initial Order) (the "Senior Secured Noteholders Parties"), a copy of which is attached as Exhibit "A" to Affidavit #4 of Paul Nelson (the "Term Sheet").
4. The Petitioner, the Monitor and the Senior Secured Noteholder Parties have negotiated a plan of compromise and arrangement (the "Plan") which incorporates the materials terms contemplated by the Term Sheet. Capitalized terms used hereafter that are not otherwise defined herein have the meanings ascribed to them in the Plan.
5. Under and pursuant to the Plan:
 - (a) There are two Affected Creditor Classes, being the Senior Secured Noteholder Class and the Affected Unsecured Creditor Class. The Affected Unsecured Creditors Class includes the Lenders in relation to the Senior Secured Noteholders' Allowed Unsecured Claim.
 - (b) On or after the Implementation Date, the following series of transactions will take place in the following order:
 - (i) Arrangement: this includes the amendment of the notice of articles and articles of the Petitioner, the consolidation of the Petitioner's Existing Common Shares at the rate of 150:1, and the issuance of that number of new shares needed to comply with the allocation of shares to the Senior

Secured Noteholders (92%) and the Affected Unsecured Creditors (5%) in full and final satisfaction of their Proven Claims (see below) and the retention by the Existing Shareholders of 3% of the Outstanding Common Shares;

- (ii) Senior Secured Noteholders' Cash Pool: the Senior Secured Noteholders' Cash Pool, if any, will be established on the Implementation Date in an amount determined by 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 Adanac will reasonably require for working capital purposes and to fulfill its obligations on the Implementation Date;
 - (iii) Reserve for Disputed Claims: the Disputed Claims Reserve will be established on the Implementation Date;
 - (iv) Payment of Excluded Claims: the Excluded Claims will be paid as set forth in the Plan;
 - (v) Outstanding Common Shares: new shares will be issued and delivered to the Affected Creditors;
 - (vi) Compromise of Debt: the Affected Claims will be settled, compromised, released or otherwise dealt with in accordance with the Plan; and
 - (vii) Stay Termination: the Stay will terminate and expire at 5:01 p.m. on the Final Distribution Date.
- (b) Following the Existing Share Consolidation (referred to at sub-paragraph 5(a)(i) above) each of the Senior Secured Noteholders will receive, in full and final satisfaction of the Senior Secured Noteholders' Allowed Secured Claim, their *pro rata* share of:
- (i) the Senior Secured Noteholders' Cash Pool (if any); and
 - (ii) 92% of the Outstanding Common Shares on a fully diluted basis.
- (c) Each Affected Unsecured Creditor having a Proven Claim with an aggregate value of less than or equal to \$50,000, or reduced (for distribution purposes only) at the election of the Affected Unsecured Creditor to \$50,000, shall receive a cash distribution in an amount equal to the lesser of 10% of the face amount of its Proven Claim and \$5,000 in full and final satisfaction of its Proven Claim. If an Affected Unsecured Creditor with a Proven Claim of less than or equal to \$50,000 so elects, it will receive a distribution of shares as described in sub-paragraph (d) below, in full or final satisfaction of its Proven Claim.
- (d) Following the Existing Share Consolidation (referred to at sub-paragraph 5(a)(i) above), Affected Unsecured Creditors with Proven Claims who do not receive a

cash distribution as described in sub-paragraph (c), above, will receive their *pro rata* share of 5% of the Outstanding Common Shares on a fully diluted basis in full and final satisfaction of their Proven Claims.

6. As of the date of this Notice of Application, the authorized share capital of the Petitioner consists of an unlimited number of common shares, of which 114,581,449 shares are currently outstanding. After consolidation, it is estimated that the number of outstanding shares will be approximately 25,462,544.
7. The Petitioner, the Chief Restructuring Officer, the Senior Secured Noteholder Parties and the Monitor all support the Plan.
8. The likely alternative to the Plan is a receivership or liquidation of the Petitioner's assets by other means. If this were to occur, it is expected that the Lenders would suffer a significant shortfall in their secured claim against the Petitioner, in which case there would be no recovery for the unsecured creditors or existing shareholders of Adanac.

Termination of Supply Agreements

9. On or around September 17, 2007, Adanac entered into an agreement with Humboldt in the form of purchase order No. P-323, as amended and/or supplemented from time to time, including by change order dated October 15, 2008 (the "Humboldt Agreement") for the supply of certain equipment by Humboldt to Adanac.
10. On or around October 5, 2010, Adanac entered into a termination agreement (the "Humboldt Termination Agreement") with Humboldt in respect of the Humboldt Agreement pursuant to which a portion of the purchase price paid by Adanac pursuant to the Humboldt Agreement is to be refunded to Adanac, in exchange for which Humboldt shall be free to deal with the relevant equipment in its sole discretion.
11. On or around October 1, 2007, Adanac entered into an agreement with Metso in the form of purchase order No. P-310, as amended and/or supplemented from time to time, including by purchase order No. P-310 REV1 dated January 22, 2008 (the "Metso Agreement") for the supply of certain equipment by Humboldt to Adanac.
12. On or around September 22, 2010, Adanac entered into a termination agreement (the "Metso Termination Agreement") with Metso in respect of the Metso Agreement and pursuant to which a portion of the purchase price pursuant to the Metso Agreement is to be refunded to Adanac, in exchange for which Metso shall be free to deal with the relevant equipment in its sole discretion.
13. It is a condition of both the Metso Termination Agreement and the Humboldt Termination Agreement that approval and vesting orders of this Court be obtained, and Adanac seeks such orders.
14. Adanac anticipates that it will enter into further termination agreements with equipment suppliers and/or dispose of certain pieces of equipment from time to time prior to its

emergence from CCAA protection. Given the nature and value of the equipment in question, it is likely that most, if not all, of these transactions would require Court approval as the amounts involved would exceed the monetary limits set out in subparagraph 16(b)(i) of the Initial Order. Adanac is seeking an order of this Court which would dispense with the need for any such Court approval if the relevant parties consent.

Part 3 LEGAL BASIS

1. Sections 4 and 5 of the CCAA.
2. Division 5, Part 9 of the British Columbia *Business Corporations Act* (“BCBCA”).

Application for Order Authorizing Filing of the Plan and Convening Creditors’ Meetings

3. In determining whether to authorize the filing of the Plan and the convening of the Creditors’ Meetings, the Court should consider whether the Plan is fair and equitable as between the parties, and whether the classification of creditors is appropriate and reasonable in the circumstances.
4. The Plan is fair and equitable in that it provides for a reasonable recovery for unsecured creditors and, in any event, more than would be available in the event of a liquidation of Adanac’s assets.
5. In determining whether the classification of creditors pursuant to the Plan is appropriate, the Court should consider the commonality of their interests taking into account the nature of creditors’ legal rights vis-à-vis Adanac, and the nature and rank of any security they may have for their claims. In that regard, the “non-fragmentation” approach is preferred to the “identity of interest” approach, so as to avoid the creation of a multiplicity of classes and the ability of creditors to create veto positions for themselves.

Re SemCanada Crude Company (2009), 57 CBR (5th) 205 (ABQB)

6. In this case, there are only two classes of creditors, being the Lenders for the secured portion of their claims under the Senior Secured Notes (which, pursuant to the Plan, is valued at \$40 million) and the Affected Unsecured Creditors (which includes the Lenders for the shortfall in their secured claim).
7. There is no distinction among the Senior Secured Noteholders apart from the fact that each holds a different amount of Senior Secured Notes, and, accordingly, it is only logical that they be included in the same class of creditors. Likewise, there is no distinguishing feature among the Affected Unsecured Creditors, all of whom – including the Lenders for the shortfall in their secured claim – would likely recover nothing in the event the Plan is not approved and there is a liquidation of Adanac’s assets.

Application for Order Dispensing with Shareholders’ Meeting to approve the Plan

8. The Plan contemplates the amendment of Adanac’s notice of articles and articles, followed by a consolidation of the existing outstanding shares of Adanac and then the

dilution of those shares by way of the issuance of sufficient new shares so as to result in the allocations and retention of shares in the emergent company referred to above (i.e. 92% for the Lenders in respect of their secured claim, 5% for the unsecured creditors and 3% for the existing shareholders).

9. Section 288 of the BCBCA provides as follows:

288 (1) Despite any other provision of this Act, a company may propose an arrangement with shareholders, creditors or other persons and may, in that arrangement, make any proposal it considers appropriate, including a proposal for one or more of the following:

- (a) an alteration to the memorandum, notice of articles or articles of the company;

...

(2) Before an arrangement proposed under this section takes effect, the arrangement must be

- (a) adopted in accordance with section 289, and
- (b) approved by the court under section 291.

10. Section 289 provides as follows:

289 (1) Despite sections 264 and 265, an arrangement is adopted for the purposes of section 288(2)(a) if,

- (a) in respect of an arrangement proposed with shareholders of the company,
 - (i) the shareholders approve the arrangement by a special resolution

...

11. Section 291 provides as follows:

291 (1) If an arrangement is proposed, the court may make an order respecting that arrangement under subsection (2)

- (a) on its own motion,
- (b) on the application of the company, or
- (c) on the application, made on notice to the company, of
 - (i) a shareholder of the company,
 - (ii) a creditor of the company, or

- (iii) a person who is a member of the class of persons with whom the arrangement is proposed.

(2) The court may, in respect of the proposed arrangement, make any order it considers appropriate, including any of the following orders:

- (a) an order determining the notice to be given to any interested person, or dispensing with notice to any person, in relation to any application to court under this Division;
- (b) an order requiring the company to do one or both of the following in the manner and with the notice the court directs:
 - (i) call, hold and conduct one or more meetings of the persons the court considers appropriate;
 - (ii) hold a separate vote of the persons the court considers appropriate;
- ...
- (e) an order directing that an arrangement proposed with the creditors or a class of creditors of the company be referred to the shareholders of the company in the manner and for the approval the court considers appropriate.

...

(4) Without limiting subsections (1) to (3) but despite any other provision of this Act, on an application to court for approval of the arrangement,

- (a) if the arrangement has been adopted under section 289 and, if required, approved by the shareholders in accordance with an order under subsection (2)(e) of this section, the court may make an order approving the arrangement on the terms presented or substantially on those terms or may refuse to approve that arrangement,
- (b) if, under the arrangement, money, securities or other property, rights or interests or liabilities, of a company are to be transferred to another corporation, the court may make
 - (i) an order providing for the allotment or appropriation by the receiving corporation of any shares or other securities that, under the arrangement, are to be allotted or appropriated to or for any person,
 - (ii) any order providing for the continuation by or against the receiving corporation of any legal proceedings pending by or against the transferring company, or

- (iii) an order providing for the dissolution of the transferring company, and
 - (c) the court may make any incidental, consequential or supplemental orders necessary to ensure that the arrangement is fully and effectively carried out.
- 12. The issuance of additional shares to dilute existing shareholders is not an “arrangement” within the meaning of the BCBCA, and, accordingly, does not require the approval of the Existing Shareholders by way of a meeting and shareholder vote. This is because the issuance of new shares and the consequent dilution of existing shares does not result in anything being ‘taken’ from Existing Shareholders. Similarly, no additional rights are ‘given’ to Existing Shareholders upon the issuance of new shares. As such, the contemplated dilution does not compromise, alter or adjust the legal rights of the Existing Shareholders, and therefore is not an “arrangement” for the purposes of the BCBCA.

Protiva Biotherapeutics Inc. v. Inex Pharmaceuticals Corp. (2006), 25 BLR (4th) 293
- 13. Further, given that the shareholders legal rights will remain unaltered (although diluted) following implementation of the Plan, any compromise of the economic interests of the Existing Shareholders due to a decrease in the value of their shares will not, by itself, require the Court to consider the economic impact of the Plan on the Existing Shareholders. It is not a relevant consideration for the Court.

BCE Inc. v. 1976 Debentureholders [2008] 3 SCR 560
- 14. It is submitted that the ability of the Court to dispense with the need for shareholder approval of the issuance of the new shares to the Lenders and the Affected Unsecured Creditors likewise permits the Court to dispense with the need for shareholder approval in accordance with section 289 of the BCBCA (i.e. by special resolution at a meeting of shareholders) of the alteration of Adanac’s notice of articles and articles in accordance with section 288 of the BCBCA. To impose such a requirement would be an unnecessary, and in the Petitioner’s submission, artificial exercise.
- 15. Upon the issuance of the new shares under the Plan, the alteration of Adanac’s notice of articles and articles could be accomplished by first issuing new shares to Adanac’s creditors (as permitted by its current notice of articles and articles) and then having a vote of those new shareholders in respect of the proposed alterations. Considering that, after dilution, almost 97% of the then-outstanding shares would be held by the Senior Secured Noteholders, those parties would control any shareholder vote and shareholder approval would be a formality.
- 16. It is only due to the fact that the alterations of the notice of articles and articles is contemplated to happen *before* the issuance of new shares and dilution of the Existing Shareholders that there is any argument that shareholder approval of the Plan and the transactions contemplated thereby might be required. It is submitted that the Court ought to dispense with the necessity for shareholder approval of the Plan in circumstances

where it is only the order in which the same set of steps are taken (rather than the nature of the steps themselves) that (arguably) gives rise to such a requirement.

17. In the alternative, even if the Plan can be construed as “an arrangement with shareholders” under the BCBCA, there is authority for the proposition that a CCAA Court can ignore the requirement in a corporate statute for shareholder approval in the context of a CCAA plan of arrangement where shareholders are “out of the money”. The same is consistently held in other jurisdictions where the courts have noted that where shareholders have no economic interest to protect, it would defeat the policy of the CCAA to give those shareholders the right to veto a plan of arrangement.

Re Loewen Group Inc. (2001), 32 CBR (4th) 54 (Ont. Sup. Ct. J.)

Re Canadian Airlines Corp., 2000 ABQB 442

Re Cadillac Fairview Inc. 1995 OJ No. 707

Re Royal Oak Mines Inc. 1999 OJ No. 4848

Stelco Inc. (Re), [2006] OJ No. 276

18. The British Columbia Courts have previously made orders dispensing with the need for shareholder approval of a plan of arrangement, including, notably, one that contemplated a significant - in fact total - dilution of the existing shareholders’ equity. See for example, the orders made in *Cross Lake Minerals Ltd. (Re)*, B.C.S.C. Action No. S087166, Vancouver Registry and *Xillix Technologies Corp. (Re)*, B.C.S.C. Action No S066835, Vancouver Registry.
19. In this case it is clear that, absent the Plan, there is not expected to be any recovery for unsecured creditors, let alone equity-holders. Therefore, it is appropriate the shareholder approval of the Plan be dispensed with.

Part 4 MATERIAL TO BE RELIED ON

2. First Affidavit of Leonard Sojka sworn October 13, 2010;
3. Monitor’s Tenth Report dated October 8, 2010; and
4. Such further and other material as counsel may advise and as the Court may allow.

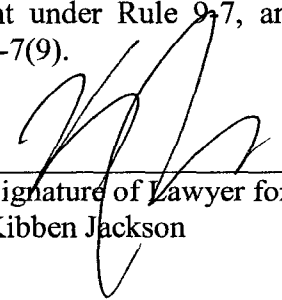
The applicant estimates that the application will take 1 hour.

- This matter is within the jurisdiction of a master
- This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days after service of this Notice of Application,

- (a) file an Application Response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) service on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed Application Response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Dated: 13-Oct-2010



 Signature of Lawyer for Applicant
 Kibben Jackson

To be completed by the court only:

Order made

in the terms requested in paragraphs of Part 1 of this Notice of Application

with the following variations and additional terms:

.....

.....

.....

Date:

.....
 Signature of Judge Master

The Solicitors for the Petitioner are Fasken Martineau DuMoulin LLP, whose office address and address for delivery is 2900 - 550 Burrard Street, Vancouver B.C. V6C 0A3
Telephone: 604 631 3131 Facsimile: 604 631 3232. (Reference: 266354.1/15053)

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- other matters concerning document discovery
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts

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

ORDER MADE AFTER APPLICATION

BEFORE)	THE HONOURABLE JUSTICE)	October 18, 2010
)	BURNYEAT)	
))	
))	

ON THE APPLICATION OF the Petitioner coming on for hearing at Vancouver, British Columbia on this date; AND ON HEARING Kibben Jackson and Vicki Tickle, counsel for the Petitioner, and those other counsel listed in Schedule "A" hereto;

THIS COURT ORDERS AND DECLARES that:

1. The time for service of the notice of application, the 1st Affidavit of Leonard Sojka and the Monitor's Tenth Report be and is hereby abridged such that the application for this Order is properly returnable this day;
2. The stay of proceedings provided for in the December 19, 2008 Order of this Court (the "Initial Order"), as extended from time to time, is hereby extended until 11:59 p.m. (Vancouver time) on December 31, 2010, subject to further Order of this Court;

Interpretation

3. All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the plan of compromise and arrangement of the Petitioner, substantially in the form attached hereto as Schedule “B” (the “Plan”), and the following terms in this Order shall have the following meanings:
- (a) **“Chair”** has the meaning ascribed to it in paragraph 20 hereof;
 - (b) **“Creditors’ Meeting Date”** means November 9, 2010, subject to any adjournment, postponement, other rescheduling or further order of this Court;
 - (c) **“Creditors’ Meeting Materials”** has the meaning ascribed to it in paragraph 14 hereof;
 - (d) **“Designated Newspapers”** means The Globe and Mail (National Edition) and the Vancouver Sun;
 - (e) **“Meeting Materials”** has the meaning ascribed to it in paragraph 13 hereof;
 - (f) **“Notice to Creditors”** means a notice of this Order and of the Creditors’ Meeting of each Affected Creditor Class setting out the Creditors’ Meeting Date, substantially in the form attached hereto as Schedule “C”;
 - (g) **“Plan Information Letter”** means the information letter of the Petitioner relating to the Plan, substantially in the form attached hereto as Schedule “D”, and any amendment, variation or supplement thereto;
 - (h) **“Proxy”** means the form of proxy, instructions and election notice for Affected Creditors, substantially in the form attached hereto as Schedule “E”; and
 - (i) **“Sanction Hearing”** has the meaning ascribed to it in paragraph 36 hereof;

Plan

4. The Plan is hereby accepted for filing pursuant to the CCAA and the BCBCA. The Petitioner shall seek approval of the Plan in the manner set forth herein;
5. The Petitioner, in consultation with the Monitor and with the prior written approval of the Senior Secured Noteholder Parties, is hereby authorized to file any modification of, or amendment, variation or supplement to, the 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 this 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 the 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 the 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;
6. 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 the Plan, without the need for obtaining an Order of this Court or providing notice to the Affected Creditors if the Monitor determines that such modification, amendment, variation or supplement would not be materially prejudicial to the interests of the Affected Creditors under the Plan or the Sanction Order and is necessary in order to give effect to the substance of the Plan or the Sanction Order. The Monitor shall post on the Monitor's Website, as soon as possible, any such modification, amendment, variation or supplement to the Plan, with notice of such posting forthwith provided to the Service List;

Classification of Affected Claims

7. For the purposes of considering and voting on the Plan, the Affected Creditor Classes shall be as set forth in the Plan, and comprise the Senior Secured Noteholder Class and the Affected Unsecured Creditor Class;

Notice of Creditors' Meetings and Meeting Materials

8. The Petitioner is hereby authorized to convene, hold and conduct the Creditors' Meeting of each Affected Creditor Class on the Creditors' Meeting Date at the office of the Monitor, KPMG Inc., located at 9th Floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3, Canada, for the purpose of considering and, if deemed advisable, passing, with or without variation, the Resolutions to approve the Plan, unless the Chair, in accordance with paragraphs 26 and 27 hereof decides to adjourn, postpone or otherwise reschedule a Creditors' Meeting;
9. Pursuant to Sections 289(2) and 291(4)(c) of the BCBCA, the Creditors' Meeting of each Affected Creditor Class, as provided by the Plan and prescribed by the CCAA shall be held in substitution for the meeting of creditors contemplated by Section 289(1)(d) of the BCBCA and the approval of the Affected Creditors contemplated thereby shall be deemed obtained at the Creditors' Meeting of each Affected Creditor Class for the purposes of the BCBCA if the required majority as prescribed by the CCAA is obtained;
10. The Petitioner is not required to hold a meeting of its shareholders for the purposes of considering and voting upon the Plan. If the Plan is approved by the Required Majorities, the Petitioner shall forthwith issue and file a press release with SEDAR relating to same, which press release shall be in a form acceptable to the Monitor and the Senior Secured Noteholder Parties;
11. The Notice to Creditors, the Plan Information Letter and the Proxy substantially in the forms attached hereto as Schedules "C", "D" and "E", respectively, are hereby approved. The Petitioner is hereby authorized to make such modifications, amendments or supplements ("Additional Information") to such materials (other than the Plan, which

may only be modified, amended or supplemented in accordance with paragraphs 5 and 6 hereof) as the Petitioner, in consultation with the Monitor and the Senior Secured Noteholder Parties, may determine, and the Petitioner shall distribute or make available such Additional Information by one or more of the following methods determined in its discretion in consultation with the Monitor: (a) posting on the Monitor's Website; (b) news release; (c) newspaper advertisement; (d) pre-paid regular mail, email, fax or delivery (in person or by courier); (e) except for the Proxy, distribution at the Creditors' Meeting of each Affected Creditor Class; or (f) such other reasonably practicable method in the circumstances;

12. The Notice to Creditors shall be published by the Monitor in the Designated Newspapers as soon as possible following the issuance of this Order, but in any event no later than October 22, 2010;
13. No later than October 22, 2010, the Monitor shall publish the following documents (collectively, the "Meeting Materials") on the Monitor's Website:
 - (a) the Notice to Creditors;
 - (b) the Plan Information Letter;
 - (c) the Proxy;
 - (d) the Plan;
 - (e) the Monitor's Tenth Report; and
 - (f) a copy of this Order;
14. In addition to the publications referred to in paragraphs 12 and 13 hereof, the Monitor shall send to Affected Creditors, by prepaid regular mail, courier, fax or email, at the address appearing on an Affected Creditor's Proof of Claim filed pursuant to the Claims Process Order, a copy of the Notice to Creditors, the Plan Information Letter, the Proxy and the Monitor's Tenth Report (collectively, the "Creditors' Meeting Materials") by no later than 5:00 p.m. (Vancouver time) on or before October 22, 2010 and advising that all

other Meeting Materials may be obtained from the Monitor's Website or provided upon written request;

15. No later than October 22, 2010, the Petitioner shall issue and file a press release with SEDAR giving notice of the Creditors' Meetings, which press release shall be in a form acceptable to the Monitor and the Senior Secured Noteholder Parties;
16. The Petitioner or the Monitor shall not be required to provide the Meeting Materials or the Creditors' Meeting Materials to any shareholder of the Petitioner unless such shareholder is also an Affected Creditor;
17. The publications referred to in paragraphs 12, 13, 14 and 15 hereof, and transmission and delivery in accordance with paragraphs 12, 13, 14 and 15 hereof, shall constitute good and sufficient service of the Meeting Materials and the Creditors' Meeting Materials, as the case may be, on all Persons who may be entitled to receive notice thereof, or of these proceedings, or who may wish to be present in person or represented by proxy at the Creditors' Meeting in respect of each Affected Creditor Class to which they belong, or who may wish to appear in these proceedings, and no other form of notice or service needs to be made on such Persons, and no other document or material needs to be served on such Persons in respect of these proceedings;
18. The accidental omission to transmit or deliver the Meeting Materials or the Creditors' Meeting Materials by the Monitor or the non-receipt of such materials by one or more Persons specified herein shall not invalidate any Resolution passed or proceedings taken at the Creditors' Meeting of each Affected Creditor Class;

Conduct of Creditors' Meetings

19. The Voting Record Date shall be October 25, 2010, or such other date as may be determined by the Monitor and communicated in accordance with paragraph 11 hereof;
20. Peter Gibson of the Monitor or such other representative of the Monitor as it may designate, shall preside as the chairperson of the Creditors' Meeting of each Affected

Creditor Class (the “Chair”) and, subject to this Order or any further order of this Court, shall decide all matters relating to the conduct of such Creditors’ Meetings;

21. The Monitor may appoint scrutineers for the supervision and tabulation of the attendance at, quorum at and votes cast at the Creditors’ Meeting of each Affected Creditor Class and any person to act as secretary at the Creditors’ Meeting of each Affected Creditor Class;
22. The only Persons entitled to attend and speak at the Creditors’ Meeting of each Affected Creditor Class are:
 - (a) Affected Creditors with Voting Claims or their proxy holders;
 - (b) Affected Creditors whose Affected Claims have not been resolved for voting purposes before the Voting Record Date in accordance with the Claims Process Order, this Order or further order of this Court, or their proxy holders;
 - (c) representatives of the Petitioner;
 - (d) representatives of the Monitor;
 - (e) the Chair;
 - (f) the Chief Restructuring Officer;
 - (g) the Noteholders Authorized Representative;
 - (h) the Senior Secured Noteholder Parties;
 - (i) any other Person admitted on invitation of the Chair; and
 - (j) legal counsel to any Person entitled to attend a Creditors’ Meeting;
23. Any Proxy that an Affected Creditor wishes to submit in respect of a Creditors’ Meeting for the Affected Creditor Classes to which such Affected Creditor belongs (or any adjournment, postponement or other rescheduling thereof) must be substantially in the

form of Proxy sent by the Monitor, a copy which is attached hereto as Schedule "E" (or in such other form acceptable to the Monitor or the Chair), and shall either be (a) received by the Monitor at its office located at 777 Dunsmuir Street, P.O. Box 10426, Vancouver, British Columbia, V7Y 1K3, Canada (Attention: Mark Kemp-Gee, Fax no.: 604.691.3036, Email: mkempgee@kpmg.ca) prior to 5:00 p.m. (Vancouver time) on November 8, 2010, or (b) deposited with the Chair at the relevant Creditors' Meeting (or any adjournment, postponement or other rescheduling thereof) before the beginning of such Creditors' Meeting (or any such adjournment, postponement or other rescheduling);

24. The Noteholders Authorized Representative is hereby authorized to execute and deliver one (1) Proxy on behalf of one (1) or more of the Senior Secured Noteholder Parties in respect of a Creditors' Meeting for the Affected Creditor Classes to which such Senior Secured Noteholder Parties belong (or any adjournment, postponement or other rescheduling thereof) on or prior to the deadlines contemplated in paragraph 23 hereof, which proxy, for greater certainty, shall entitle the Noteholders Authorized Representative to vote each Senior Secured Noteholder Party's Voting Claim reflected therein on the basis of one (1) vote for each Senior Security Noteholder Party in each Affected Creditor Class to which such party belongs;
25. In the absence of instruction to vote for or against the approval of the Resolution in a duly signed and returned Proxy, the Proxy shall be deemed to include instructions to vote for the approval of the Resolution;
26. The quorum required at each Creditors' Meeting shall be one (1) Affected Creditor in the relevant Affected Creditor Class present in person or by proxy and entitled to vote at the relevant Creditors' Meeting. If the requisite quorum is not present at a Creditors' Meeting, then such Creditors' Meeting shall be adjourned by the Chair to such date, time and place as may be decided by the Chair in his or her sole discretion. The Chair shall decide on the manner of giving notice to the Affected Creditors of the rescheduled meeting and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Monitor's Website;

27. The Chair is hereby authorized to adjourn, postpone or otherwise reschedule a Creditors' Meeting on one or more occasions to such time(s), date(s) and place(s) as the Chair deems necessary or desirable (without the need to first convene such Creditors' Meeting for the purpose of any adjournment, postponement or other rescheduling thereof). The Chair shall decide on the manner of giving notice to the Affected Creditors of the rescheduled meeting and may, if he or she deems it appropriate, restrict such notice to a notice posted on the Monitor's Website;

Voting Procedure

28. At a Creditors' Meeting, the Chair shall direct the votes with respect to the Resolution to approve the Plan and any amendments, variations or supplements to the Plan that are made in accordance with the terms thereof;
29. Any resolution to be voted on at any Creditors' Meeting to approve, amend, vary or supplement the Plan, including the Resolution in respect of each of the Affected Creditor Classes, 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 or her sole and absolute discretion, to hold such vote by way of ballot;
30. The only Persons entitled to vote at the Creditors' Meeting for each Affected Creditor Class shall be Affected Creditors with Voting Claims as of the Voting Record Date and their proxy holders. For the purposes of counting and tabulating the votes at a Creditors' Meeting, 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 paragraph 43 hereof);
31. If the amount of the Affected Claim of any Affected Creditor is not resolved for voting purposes before the Voting Record Date in accordance with the Claims Process Order, this Order or further order of this Court, such Affected Creditor shall be entitled to vote at

the Creditors' Meeting in respect of the Affected Creditor Class to which it belongs based on that portion of its Affected Claim that has been accepted for voting purposes by the Monitor, without prejudice to the rights of the 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, this Order and the 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 this Court in accordance with paragraph 35 hereof;

32. The Monitor shall keep records and tabulations of all votes cast at the Creditors' Meeting for each Affected Creditor Class;

Distributions for Disputed Claims

33. No distributions shall be made with respect to a Disputed Claim unless and until it has become a Proven Claim, and the Petitioner, in its capacity as Disbursing Agent, shall establish the Disputed Claims Reserve in accordance with the Plan;

Notices and Communications

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

Sanction Hearing

35. The Monitor shall report to this Court no later than four (4) Business Days after the Creditors' Meeting of each Affected Creditor Class with respect to:

- (a) the results of the voting on the Resolutions to approve the Plan;
 - (b) the effect on the results of the vote had the Affected Creditors also voted the amount of their Affected Claims that were disputed for voting purposes; and
 - (c) any other matter that the Monitor considers relevant in view of the Sanction Hearing;
36. Subject to further order of this Court, if the Plan has been accepted by the Required Majorities, the Petitioner shall bring an application before this Court on or before November 19, 2010 seeking the Sanction Order (the “Sanction Hearing”);
37. A copy of the application seeking the Sanction Order shall be published on the Monitor’s Website as soon as possible after it is filed with this Court;
38. No later than November 10, 2010, the Petitioner shall issue and file a press release with SEDAR giving notice of the Sanction Hearing, which press release shall be in a form acceptable to the Monitor and the Senior Secured Noteholder Parties;
39. Publication of the Notice to Creditors and this Order pursuant to paragraphs 12 and 13 hereof, the delivery of the Creditors’ Meeting Materials pursuant to paragraph 14 hereof and the issuance of the press release pursuant to paragraph 38 hereof shall constitute good and sufficient service of notice of the Sanction Hearing upon all Persons who may be entitled to receive such service and no other form of service needs to be made and no other materials need to be served on such Persons in respect of the Sanction Hearing;
40. Any Person intending to object to the application seeking the Sanction Order shall file with this Court a written notice containing a description of its proposed grounds of objection and shall effect service of same upon counsel to the Petitioner, the Monitor and the Senior Secured Noteholder Parties, and upon those Persons listed on the Service List, the whole before 10:00 a.m. (Vancouver Time) on November 18, 2010;
41. In the event that the Sanction Hearing is adjourned, postponed or otherwise rescheduled, only those Persons listed on the Service List or that have filed and served a notice of

objection pursuant to paragraph 40 hereof are required to be served with notice of the adjourned, postponed or otherwise rescheduled date;

Aid and Assistance of Other Courts

42. The aid and recognition of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory of Canada or any court or any judicial, regulatory or administrative body of the United States of America and of any other nation or state be requested to act in aid of and to be complementary to this Court in carrying out the terms of this Order;

General Provisions

43. For the purposes of determination of the value of Affected Claims denominated in currencies other than Canadian dollars for voting and distribution purposes, such Affected Claims shall be converted by the Monitor to Canadian dollars in accordance with the Plan;
44. The Monitor shall use reasonable discretion as to the adequacy of completion and execution of any document completed and executed pursuant to this Order and may waive strict compliance with the requirements of this Order as to the completion and execution of documents;
45. The Petitioner or the Monitor may apply to this Court for advice and directions in connection with the discharge or variation of its powers and duties under this Order; and
46. The need for endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

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

Signature of Lawyer for the Petitioner
Kibben Jackson

BY THE COURT

REGISTRAR

Schedule "A"

List of Counsel

Name		Party
Magnus Verbrugge		KPMG Inc.

Schedule "B"

The Plan

Schedule "C"

Notice to Creditors

NOTICE TO CREDITORS OF ADANAC MOLYBDENUM CORPORATION

Creditors of Adanac Molybdenum Corporation (“**Adanac**”) are hereby notified that, in connection with Adanac’s ongoing proceedings under the *Companies’ Creditors Arrangement Act* (Canada), Adanac has filed with the Supreme Court of British Columbia a plan of compromise and arrangement (the “**Plan**”).

All capitalized terms used herein and not otherwise defined have the meaning ascribed to them in information letter of Adanac relating to the Plan dated October 22, 2010 (the “**Plan Information Letter**”).

Creditors of Adanac are further notified that the Creditors’ Meeting in respect of each Affected Creditor Class will be held on November 9, 2010 at 10:30 a.m. (Vancouver time) at the office of the Monitor, KPMG Inc. (the “**Monitor**”), located at 9th Floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3, Canada, for the purposes of:

- (i) considering and, if thought advisable, adopting a resolution in respect of such Affected Creditor Class to approve the Plan, with or without variation; and
- (ii) transacting such other business as may properly come before such Creditors’ Meeting in respect of each Affected Creditor Class.

A copy of the Plan and accompanying Plan Information Letter, Form of Proxy and Election Notice, and related documents will be mailed by October 22, 2010 to all known creditors of Adanac affected by the Plan. Copies of documents related to the Creditors’ Meetings will also be posted on the Monitor’s website at www.kpmg.ca/adanac.

In order to be entitled to attend the Creditors’ Meeting in respect of the relevant Affected Creditor Class, creditors must have filed proofs of claim and complied with the requirements specified in the Claims Process Order and Creditors’ Meeting Order, copies of which may be found on the Monitor’s website at www.kpmg.ca/adanac. **ONLY THOSE CREDITORS WHO HAVE FILED PROOFS OF CLAIM AND PROVEN THEIR CLAIMS BY THE VOTING RECORD DATE, OR THEIR PROXY HOLDERS, WILL BE ENTITLED TO VOTE AT THE CREDITORS’ MEETING IN RESPECT OF THE RELEVANT AFFECTED CREDITOR CLASS.** Those Affected Creditors whose claims remain unresolved as of the Voting Record Date shall have their voting intentions recorded by the Monitor and reported to the Court.

Creditors are required to return their completed Proxy and/or Election Notice to the Monitor by 5:00 p.m. (Vancouver time) on November 8, 2010 or deposit their completed Proxy and/or Election Notice with the Chair of the Creditors’ Meeting(s) of the relevant Affected Creditor Class(es) before the beginning of such Creditors’ Meeting(s).

Creditors who believe they are entitled to attend and vote at the Creditors’ Meeting in respect of any Affected Creditor Class, but have not received their copy of the materials referred to above, or who wish to obtain additional information, may contact the Monitor at the following coordinates:

By telephone:	604.691.3397
By registered mail:	KPMG Inc. Monitor of Adanac Molybdenum Corporation 777 Dunsmuir Street P.O. Box 10426 Vancouver, British Columbia V7Y 1K3, Canada Attention: Mark Kemp-Gee
By facsimile:	604.691.3036
By email:	mkempgee@kpmg.ca

Vancouver, British Columbia, Canada, October 22, 2010

**KPMG INC., in its capacity as the
Court-Appointed Monitor of
Adanac Molybdenum Corporation**

Schedule "D"

Plan Information Letter

Schedule "E"

Proxy

**IN THE MATTER OF THE PROPOSED
PLAN OF COMPROMISE AND ARRANGEMENT**

Involving

ADANAC MOLYBDENUM CORPORATION

MEETINGS OF AFFECTED CREDITORS

to be held pursuant to an Order of the Supreme Court of British Columbia made on October 18, 2010, (the “**Creditors’ Meeting Order**”) in connection with the Plan of Compromise and Arrangement (as amended from time to time, the “**Plan**”) of Adanac Molybdenum Corporation (“**Adanac**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) and the *Business Corporations Act* (British Columbia)

on November 9, 2010 at 10:30 a.m. (Vancouver time) at
the office of the Monitor, KPMG Inc. (the “**Monitor**”), located at
9th Floor, 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K3, Canada,

and at any adjournment, postponement or other rescheduling thereof with respect to each class of Affected Creditors (the “**Creditors’ Meeting**”).

**PROXY, AFFECTED CREDITORS’ INSTRUCTIONS
AND ELECTION NOTICE**

COMPLETE, SIGN AND DATE THIS FORM AND RETURN IT TO KPMG INC., IN ITS CAPACITY AS THE MONITOR OF ADANAC, SO THAT IT IS ACTUALLY RECEIVED BY 5:00 P.M. (VANCOUVER TIME) ON NOVEMBER 8, 2010 OR DEPOSIT THIS FORM WITH THE CHAIR AT YOUR CREDITORS' MEETING BEFORE THE BEGINNING OF SUCH CREDITORS' MEETING (THE "VOTING DEADLINE").

Please complete Part 1 of this Form if you do not wish to attend your Creditors' Meeting to vote in person but wish to appoint a proxyholder to attend your Creditors' Meeting, vote your Affected Claim to accept or reject the Plan and otherwise act for and on your behalf at your Creditors' Meeting and any adjournment(s), postponement(s) or rescheduling(s) thereof.

Please complete Part 2 of this Form if you wish to make an election regarding your Affected Unsecured Claim as set forth in Part 2 below.

You may complete either, neither or both Part 1 and/or Part 2 of this Form.

The Plan is Schedule "I" to the Plan Information Letter of Adanac dated October 2010 (the "**Plan Information Letter**"), a copy of which you have received. All capitalized terms used but not defined in this Form shall have the meanings ascribed to such terms in the Plan Information Letter.

You should review the Plan Information Letter and the Plan before you vote. In addition, on October 18, 2010, the Supreme Court of British Columbia issued an order (the "**Creditors' Meeting Order**") establishing certain procedures for the conduct of the Creditors' Meetings to be held in respect of each Affected Creditor Class, a copy of which is posted on the Monitor's website at www.kpmg.ca/adanac. The Creditors' Meeting Order contains important information regarding the voting process. Please read the Creditors' Meeting Order and the instructions sent with this Form prior to submitting it.

If the Plan is sanctioned by the Supreme Court of British Columbia, it will be binding on you whether or not you vote on the Plan.

PART 1. APPOINTMENT OF PROXYHOLDER AND VOTE

By checking one of the two boxes below, the undersigned Affected Creditor hereby revokes all proxies previously given and nominates, constitutes and appoints either:

- _____ (insert name of intended proxyholder); or
 a representative of KPMG Inc., in its capacity as Monitor,

as proxyholder, with full power of substitution, to attend, vote and otherwise act for and on behalf of the undersigned at the undersigned's Creditors' Meeting(s) and any adjournment(s), postponement(s) or rescheduling(s) thereof, and to vote the amount of the undersigned's Affected Claim(s). Without limiting the generality of the power hereby conferred, the person named as proxyholder is specifically directed to vote as shown below. The person named as proxyholder is also directed to vote at the proxyholder's discretion and otherwise act for and on behalf of the undersigned with respect to any amendments or variations to the Plan and to any matters that may come before the undersigned's Creditors' Meeting(s) or any adjournment(s), postponement(s) or rescheduling(s) thereof and to vote the amount of the undersigned's Affected Claim(s) for voting purposes or as otherwise permitted pursuant to the Creditors' Meeting Order and the Plan as follows (mark only one):

- Vote **FOR** approval of the Plan Vote **AGAINST** approval of the Plan

Please note that if a proxyholder is appointed but no specification is made hereinabove, the Affected Creditor will be deemed to have voted FOR approval of the Plan.

PART 2. ELECTIONS FOR AFFECTED UNSECURED CLAIMS

A. **If your Affected Unsecured Claim exceeds CDN\$50,000** (being equivalent to US\$40,733 on December 19, 2008), by checking the box below, you may irrevocably elect to reduce your Affected Unsecured Claim to an amount equal to CDN\$50,000 (US\$40,733) and thereby receive payment, if your Affected Unsecured Claim becomes a Proven Claim under the Plan, in cash in an amount equal to CDN\$5,000 in full satisfaction of such claim. If you fail to check the box below, you will be deemed not to have made such election.

ELECT TO make this election and reduce your Affected Unsecured Claim that is greater than CDN\$50,000 to an Affected Unsecured Claim of CDN\$50,000 and, if your Affected Unsecured Claim becomes a Proven Claim, thereby receive payment in cash of an amount equal to CDN\$5,000 in full satisfaction of such claim. This election once delivered to the Monitor will be final, unconditional and irrevocable and no creditor shall be entitled to change, revoke or withdraw its election after receipt by the Monitor of this Form.

B. **If your Affected Unsecured Claim is equal to or less than CDN\$50,000** (being equivalent to US\$40,733 on December 19, 2008), by checking the box below, you may elect not to receive a cash distribution on account of your Affected Unsecured Claim in an amount equal to the lesser of 10% of the face amount of your Proven Claim and CDN\$5,000 and, if applicable, receive your *pro rata* share of Outstanding Common Shares in accordance with the terms of the Plan. **If your Affected Unsecured Claim is equal to or less than CDN\$50,000 and you do not check the box below, you will receive a cash distribution (if your Affected Unsecured Claim becomes a Proven Claim under the Plan) in an amount equal to the lesser of 10% of the face amount of your Proven Claim and CDN\$5,000.**

ELECT NOT TO receive a cash distribution AND accordingly receive, if applicable, your *pro rata* share of Outstanding Common Shares in accordance with the terms of the Plan. This election once delivered to the Monitor will be final, unconditional and irrevocable and no creditor shall be entitled to change, revoke or withdraw its election after receipt by the Monitor of this Form.

Dated this _____ day of _____, 2010.

Print Name of Affected Creditor

Claim Number(s) (may be found in the enclosed document entitled "Identification Slip")

Signature of Affected Creditor or, if the Affected Creditor is a corporation, partnership or trust, signature of an authorized signing officer of the corporation, partnership or trust

Title of the authorized signing officer of the corporation, partnership or trust, if applicable

E-mail address of Affected Creditor

Telephone number of Affected Creditor or authorized signing officer

Mailing Address of Affected Creditor

No fees, commissions, or other remuneration will be payable to any broker, dealer, or other person for soliciting votes on the Plan. This Form is not a letter of transmittal and may not be used for any purpose other than to appoint a proxyholder and to cast votes to accept or reject the Plan and/or to make the elections as set forth in Part 2.

YOUR PROXY AND/OR ELECTION NOTICE MUST BE ACTUALLY RECEIVED BY THE MONITOR AT THE COORDINATES LISTED BELOW ON OR BEFORE 5:00 P.M. (VANCOUVER TIME) ON NOVEMBER 8, 2010 OR DEPOSIT IT WITH THE CHAIR OF YOUR CREDITORS' MEETING PRIOR TO THE COMMENCEMENT OF YOUR CREDITORS' MEETING, OTHERWISE YOUR PROXYHOLDER APPOINTMENT AND VOTE, AND/OR ELECTION, IF ANY, WILL NOT BE COUNTED.

BY MAIL:

**KPMG Inc.
Monitor of Adanac Molybdenum Corporation
777 Dunsmuir Street
P.O. Box 10426
Vancouver, British Columbia
V7Y 1K3, Canada
Attention: Mark Kemp-Gee**

BY FACSIMILE:

604.691.3036

BY EMAIL:

mkempgee@kpmg.ca

IF YOU HAVE ANY QUESTIONS REGARDING THIS FORM OR THE VOTING PROCEDURES, OR IF YOU NEED AN ADDITIONAL COPIES OF THE ENCLOSED MATERIALS, PLEASE CONTACT THE MONITOR AT 604.691.3397 OR VISIT THE MONITOR'S WEBSITE AT www.kpmg.ca/adanac

INSTRUCTIONS FOR COMPLETION OF PROXY AND ELECTION NOTICE

1. All capitalized terms used but not defined in this Proxy and Election Notice shall have the meanings ascribed to such terms in the Plan Information Letter of Adanac dated October [REDACTED], 2010, a copy of which you have received. Please read and follow these instructions carefully.
2. Your Affected Claim number is set out in the enclosed document entitled "Identification Slip". You are entitled to vote the amount of your Affected Claim as accepted or revised, or as may be determined by the Court. If your Affected Claim is disputed and cannot be resolved prior to the Voting Record Date, your Affected Claim (or such disputed portion thereof) will be treated as a Disputed Claim and your Proxy will be dealt with as set out in paragraph 29 of the Creditors' Meeting Order.
3. In order to appoint a proxyholder for your Creditors' Meeting and for your vote to accept or reject the Plan to count and/or to make an election set forth in Part 2, you must:
 - (a) If you wish to vote by proxy rather than in person at your Creditors' Meeting, check the appropriate box in Part 1, and either write in the name of your proxyholder or, if you would like a representative of the Monitor to act as your proxyholder, leave that space blank;
 - (b) If you appoint a proxyholder in Part 1, check the appropriate box in Item 1 indicating how you wish your proxyholder to vote in respect of the Plan (NOTE: if you do not check either box, you will be deemed to have voted **FOR** approval of the Plan);
 - (c) If you wish to make one of the elections set forth in Part 2, check the appropriate box. All such elections once delivered to the Monitor will be final, unconditional and irrevocable and no creditor shall be entitled to change, revoke or withdraw its election after receipt by the Monitor of such election. You may not subdivide your Affected Claim into multiple Affected Unsecured Claims of CDN\$50,000 or less;
 - (d) Sign this Form - your original signature is required on this Form in order to appoint a proxyholder and vote at your Creditors' Meeting as set forth in Part 1 and/or if you would like to make an election as set forth in Part 2;
 - (e) If you are completing this Form as a duly authorized representative of a corporation or other entity, indicate your relationship with such corporation or other entity and the capacity in which you are signing, and if subsequently requested, provide proof of your authorization to so sign. In addition, please provide your name and mailing address; and
 - (f) If you wish to appoint a proxyholder pursuant to Part 1 and/or make one of the elections pursuant to Part 2, return the completed Form to the Monitor at the coordinates set out below, so that it is actually received no later than 5:00 p.m. (Vancouver time) on November 8, 2010 or deposit the form with the Chair at your Creditors' Meeting prior to the commencement of your Creditors' Meeting.

By registered mail: KPMG Inc.
Monitor of Adanac Molybdenum Corporation
777 Dunsmuir Street
P.O. Box 10426
Vancouver, British Columbia
V7Y 1K3, Canada

Attention: Mark Kemp-Gee

By facsimile: 604.691.3036

By email: mkempgee@kpmg.ca

4. Each Affected Creditor who has a right to vote at a Creditors' Meeting has the right to appoint a person (who need not be an Affected Creditor) to attend, act and vote for and on behalf of the Affected Creditor and such right may be exercised by either inserting in the space provided the name of the person to be appointed or checking the box to indicate that you would like to a representative of the Monitor to act as your proxyholder. Your proxyholder will have power to attend on your behalf of and act for you at your Creditors' Meeting and at any and all adjournments, postponements or other rescheduling thereof.
5. If you elected in Part 2A to receive a cash distribution, you will receive in full and final satisfaction of your Affected Unsecured Claim (if it becomes a Proven Claim), payment in cash of CDN\$5,000.
6. If you elected in Part 2B not to receive a cash distribution in an amount equal to the lesser of 10% of the face amount of your Proven Claim and CDN\$5,000 (or if you are not eligible to do so), you will receive, in full and final satisfaction of your Affected Unsecured Claim (if it becomes a Proven Claim), your *pro rata* share of Outstanding Common Shares in accordance with the terms of the Plan.
7. If you make an election in Part 2, you cannot change, revoke or withdraw that election once the Form has been received by the Monitor.
8. If you need additional Forms, please immediately contact the Monitor.
9. If multiple Proxies are received from the same person with respect to the same Affected Claims prior to the Voting Deadline, the latest dated, validly executed Proxy timely received will supersede and revoke any earlier received Proxy. However, if a holder of Affected Claims casts Proxies received by the Monitor dated with the same date, but which are voted inconsistently, such Proxies will not be counted. If a Proxy is not dated in the space provided, it shall be deemed dated as of the date it is received by the Monitor.
10. If the Affected Creditor validly appoints a proxyholder pursuant to Part 1 of the Form and subsequently attends its Creditors' Meeting and votes in person inconsistently, the Affected Creditor's vote at its Creditors' Meeting will supersede and revoke the earlier received appointment.
11. Any Form that is illegible or contains insufficient information to permit the identification of the claimant shall not be counted.
12. Any Form that attempts to partially accept and partially reject the Plan will not be counted.
13. After the Voting Deadline, no Proxy may be withdrawn or modified, except by voting in person at your Creditors' Meeting, without the prior consent of Adanac and the Monitor.
14. If you hold Affected Claims in more than one class under the Plan, you may receive more than one Proxy for each different class. Each Proxy votes only your Affected Claims for which you indicate a claims number on that Proxy. You may indicate multiple claim numbers on a single Proxy.

**IF YOU HAVE ANY QUESTIONS REGARDING THIS FORM OR THE
PROCEDURES GENERALLY, OR IF YOU NEED ADDITIONAL COPIES OF
THE ENCLOSED MATERIALS, PLEASE CALL THE
MONITOR AT 604.691.3397 OR VISIT THE MONITOR'S WEBSITE AT
www.kpmg.ca/adanac**

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

ORDER MADE AFTER APPLICATION

FASKEN MARTINEAU DuMOULIN LLP
Barristers & Solicitors
2900 - 550 Burrard Street
Vancouver, B.C., V6C 0A3
604 631 3131

Counsel: Kibben Jackson
Matter No: 266354.1

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 A PLAN OF COMPROMISE OR ARRANGEMENT
OF ADANAC MOLYBDENUM CORPORATION**

PETITIONER

ORDER MADE AFTER APPLICATION

))	
BEFORE)	THE HONOURABLE JUSTICE)	
)	BURNYEAT)	October 18, 2010
))	
))	

ON THE APPLICATION OF the Petitioner coming on for hearing at 9:00 a.m. on this date and on hearing Kibben Jackson and Vicki Tickle, counsel for the Petitioner, and those other counsel listed in Schedule "A" hereto;

THIS COURT ORDERS that:

1. The time for service of the notice of application, the 1st Affidavit of Leonard Sojka and the Monitor's Tenth Report be and is hereby abridged such that the application for this Order is properly returnable this day;
2. The termination agreement between the Petitioner and Metso Minerals Canada Inc. ("Metso") dated September 22, 2010 (the "Termination Agreement"), a copy of which is appended as Schedule "B" hereto, is hereby approved and the Petitioner is hereby authorized to carry out, and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of, the transactions

contemplated thereby and for the conveyance of the Equipment (as defined in the Termination Agreement).

3. Upon delivery of a Monitor's certificate to Metso substantially in the form attached as Schedule "C" hereto (the "Monitor's Certificate"), all rights, title and interests in and to the Equipment shall vest absolutely in Metso, free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed, and whether secured, unsecured or otherwise including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of this Honourable Court dated December 19, 2008; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (British Columbia) or any other personal property security registry (all of which are collectively referred to as the "Encumbrances" and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Equipment are hereby expunged and discharged against the Equipment.

4. Notwithstanding:

- (a) the Petitioner's proceedings under the CCAA;
- (b) any petitions for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (the "BIA") and any order issued pursuant to any such petition; or
- (c) the provisions of any federal or provincial legislation,

the vesting of the Equipment contemplated in this Order, as well as the execution of the Termination Agreement pursuant to this Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at

undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it give rise to an oppression or any other remedy.

5. The need for endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

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

Signature of Kibben Jackson
Lawyer for the Petitioner

BY THE COURT

REGISTRAR

Schedule "A"
(List of Counsel)

Name		Party

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 A PLAN OF COMPROMISE
OR ARRANGEMENT
OF ADANAC MOLYBDENUM CORPORATION**

PETITIONER

ORDER MADE AFTER APPLICATION

FASKEN MARTINEAU DuMOULIN LLP
Barristers & Solicitors
2900 - 550 Burrard Street
Vancouver, B.C., V6C 0A3
604 631 3131

Counsel: Kibben Jackson
Matter No: 266354.1

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 A PLAN OF COMPROMISE OR ARRANGEMENT
OF ADANAC MOLYBDENUM CORPORATION**

PETITIONER

ORDER MADE AFTER APPLICATION

))	
BEFORE)	THE HONOURABLE JUSTICE)	
)	BURNYEAT)	October 18, 2010
))	
))	

ON THE APPLICATION OF the Petitioner coming on for hearing at 9:00 a.m. on this date and on hearing Kibben Jackson and Vicki Tickle, counsel for the Petitioner, and those other counsel listed in Schedule "A" hereto;

THIS COURT ORDERS that:

1. The time for service of the notice of application, the 1st Affidavit of Leonard Sojka and the Monitor's Tenth Report be and is hereby abridged such that the application for this Order is properly returnable this day;
2. All capitalized terms used herein shall have the same meanings as those ascribed to them in the termination agreement between the Petitioner and Humboldt Wedag Inc.

(“Humboldt”) dated October 5, 2010 (the “Termination Agreement”), a copy of which is appended as Schedule “B” hereto.

3. The Termination Agreement is hereby approved and the Petitioner is hereby authorized to carry out, and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of, any transactions contemplated thereby.
4. Upon receipt by Adanac of the Payment, the Supply Agreement Adanac shall be terminated, and Adanac shall be deemed to have disclaimed, and to have no further right, title or interest in and to, the Equipment.
5. The need for endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

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

Signature of Kibben Jackson
Lawyer for the Petitioner

BY THE COURT

REGISTRAR

Schedule "A"

(List of Counsel)

Name		Party

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-
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FASKEN MARTINEAU DuMOULIN LLP
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2900 - 550 Burrard Street
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604 631 3131

Counsel: Kibben Jackson
Matter No: 266354.1

by entering into agreements concerning the termination of any contracts to which it is a party, on terms acceptable to the Petitioner, the Monitor and the Lenders (as that term is defined in Petition dated December 19, 2008).

3. The need for endorsement of this Order by counsel appearing on this application, other than counsel for the Petitioner, is hereby dispensed with.

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

Signature of Lawyer for the Petitioner
Kibben Jackson

BY THE COURT

REGISTRAR

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-
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