

Court File No. B140488 (Vancouver Registry)  
Estate File No. 11-1848883

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL  
OF MALASPINA ENTERPRISES LTD.**

**ORDER MADE AFTER APPLICATION**

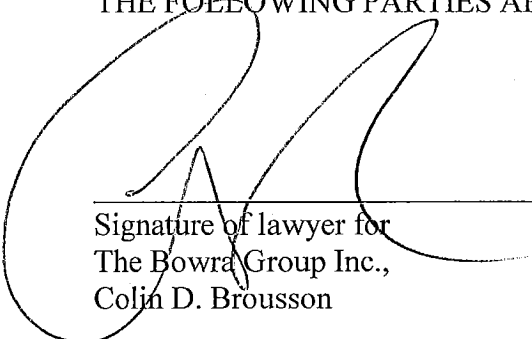
BEFORE )  
 )  
REGISTRAR SAINTY ) FRIDAY, THE 6<sup>TH</sup>  
 ) DAY OF JUNE, 2014

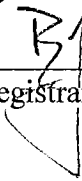
ON THE APPLICATION of The Bowra Group Inc., the Trustee acting in the proposal of Malaspina Enterprises Ltd. (the "Trustee") coming on for hearing at 800 Smithe Street, Vancouver, BC on Friday, the 6<sup>th</sup> day of June, 2014;

ON READING the report of the Trustee filed on the 12<sup>th</sup> day of May, 2014 and on hearing the submissions of Colin D. Brousson, counsel for the Trustee, and the court being satisfied that the required majority of creditors have duly accepted the proposal in the terms contained in the paper writing marked "A" annexed hereto (the "Proposal") and being satisfied that the said terms are reasonable and calculated to benefit the general body of creditors, and that no offences or facts have been proved to justify the court in withholding its approval,

- 1. THIS COURT ORDERS THAT the Proposal is approved.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER:

  
\_\_\_\_\_  
Signature of lawyer for  
The Bowra Group Inc.,  
Colin D. Brousson

By the Court  
  
\_\_\_\_\_  
Registrar

" A "

Court File No. 140488 (Vancouver Registry)  
Estate File No. 11-1848883

IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF MALASPINA ENTERPRISES LTD. OF  
THE CITY OF POWELL RIVER IN THE PROVINCE OF BRITISH COLUMBIA

PROPOSAL OF MALASPINA ENTERPRISES LTD

The Debtor hereby submits the following Proposal to all of its Unsecured Creditors pursuant to Part III of the BIA.

ARTICLE 1

DEFINITIONS

1.1 Definitions

In this Proposal:

- (a) "Administrative Fees and Expenses" means the fees and expenses, including legal fees and disbursements, of the Trustee in its capacity as proposal trustee, and the Debtor;
- (b) "Approval Order" means an Order of the Court approving the Proposal;
- (c) "BIA" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and in force as at the Filing Date;
- (d) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Vancouver, British Columbia;
- (e) "*Canada Pension Plan*" means the *Canada Pension Plan*, R.S.C. 1985, c. C-8, as amended;
- (f) "Claim" means any right of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence at the Filing Date, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future; known,

unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or as of the Filing Date, but does not include a equity claim as that term is defined by the BIA;

- (g) "Collateral", in respect of a Secured Creditor, means the assets and property of the Debtor in which the Secured Creditor holds a valid and enforceable security interest;
- (h) "Court" means the Supreme Court of British Columbia;
- (i) "Creditors' Meeting" means the meeting of the Unsecured Creditors called for the purpose of considering and voting upon the Proposal;
- (j) "Creditors' Meeting Date" means the date and time as may be called by the Trustee for the meeting of creditors to consider this Proposal, but in any event shall be no later than twenty-one (21) days following the Proposal Date;
- (k) "Debtor" means Malaspina Enterprises Ltd.;
- (l) "Director" means a director of the Debtor;
- (m) "Employee Creditors" means the persons entitled to assert the Claims referenced in s. 60(1.3) and (1.5) of the BIA in respect of such Claims;
- (n) "Filing Date" means March 17, 2014 (the date the Debtor filed a notice of intention to make a proposal);
- (o) "Implementation Date" means the Business Day selected by the Proposal Trustee that is no less than 5 Business Days and no more than 20 Business Days after the date upon which the conditions set forth in Article 9.4 have been satisfied;
- (p) "Inspectors" means one or more inspectors appointed pursuant to the BIA as provided for in the Proposal;
- (q) "Official Receiver" shall have the meaning ascribed thereto in the BIA;
- (r) "Person" means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;

- (s) "Preferred Creditors" means Creditors with Proven Claims that are required by the BIA to be paid in priority to all other claims under a proposal made by a debtor save and except for Employee Creditors and Source Deduction Creditors.
- (t) "Proof of Claim" shall mean the proof of claim required by the BIA to be mailed to each known Creditor prior to the Creditors' Meeting;
- (u) "Proposal" means this proposal together with any amendments or additions thereto;
- (v) "Proposal Date" means the date of the filing of the Proposal with the Official Receiver;
- (w) "Proposal Proceeds" means the proceeds referenced in Article 5 after deducting; (i) the Administrative Fees and Expenses; and (ii) the amount required to be paid to the Secured Creditors to pay or satisfy the Claims of the Secured Creditors;
- (x) "Proven Claim" of a Creditor means the amount of the Claim of such Unsecured Creditor finally determined in accordance with the provisions of the BIA;
- (y) "Source Deduction Creditors" means Her Majesty in Right of Canada or a Province in respect of Claims referenced in s. 60(1.1) of the BIA;
- (z) "Secured Creditor" means a Person holding a mortgage, hypothec, pledge, charge or lien on or against the property or assets of the Debtor as security for a debt due or accruing due to the person from the Debtor;
- (aa) "Trustee" means The Bowra Group Inc. or its duly appointed successor or successors;
- (bb) "Unaffected Creditors" means Kip Brown Trucking Ltd., Aero Powell River Services Ltd., 0780989 B.C. Ltd., Vanderkemp Sales and Service Ltd., Daren Brown, Kathy Pedneault, Joe Pedneault and Sherry Hill.
- (cc) "Unsecured Creditors" means the Preferred Creditors and any Person with a Claim who is not a Secured Creditor, an Unaffected Creditor, an Employee Creditor or a Source Deduction Creditor; and
- (dd) "Voting Letter" shall mean the voting letter required by s. 51(1) of the BIA to be mailed to each known Unsecured Creditor prior to the Creditors' Meeting.

## 1.2 Articles of Reference

The terms "hereof", "hereunder", "herein" and similar expressions refer to the Proposal and not to any particular article, section, subsection, clause or paragraph of the Proposal and include any agreements supplemental hereto. In the Proposal, a reference to an article, section, subsection,

clause or paragraph will, unless otherwise stated, refer to an article, section, subsection, clause or paragraph of the Proposal.

### 1.3 Interpretation Not Affected by Headings

The division of the Proposal into articles, sections, subsections, clauses or paragraphs and the insertion of a table of contents and headings are for convenience of reference only and will not affect the construction or interpretation of this Proposal.

### 1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.

### 1.5 Time

All times expressed herein are local time in Vancouver, British Columbia, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified herein, the time shall be deemed to be 5:00 p.m. local time in Vancouver, British Columbia, Canada.

### 1.6 Numbers

In the Proposal, where the context requires, a word importing the singular number will include the plural and *vice versa* and a word or words importing gender will include all genders.

### 1.7 Currency

Unless otherwise stated herein, all references to currency in the Proposal are to lawful money of Canada.

### 1.8 Statutory References

Except as otherwise provided herein, any reference in the Proposal to a statute includes all regulations made thereunder, all amendments to such statute or regulation(s) in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulation(s).

### 1.9 Successors and Assigns

The Proposal will be binding upon and will enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and assigns of any Person named or referred to in the Proposal.

## ARTICLE 2

### CLASSIFICATION OF CREDITORS

#### 2.1 Classes of Creditors

Only Unsecured Creditors will be entitled to vote on the Proposal and there shall be one class of Unsecured Creditors.

#### 2.2 Secured Creditors not Affected

This Proposal is not made to Secured Creditors. The Claims of Secured Creditors shall be paid and satisfied by the Debtor in accordance with the applicable agreement or as otherwise agreed as between the Secured Creditor and the Debtor.

## ARTICLE 3

### PROCEDURE FOR VALIDATION OF CLAIMS

#### 3.1 Filing of Proofs of Claim

Each Unsecured Creditor must file a Proof of Claim as required by the BIA to vote on, or receive a distribution under, the Proposal.

#### 3.2 Allowance or Disallowance of Claims by the Trustee

Upon receipt of a completed Proof of Claim, the Trustee shall examine the Proof of Claim and shall deal with each Proof of Claim in accordance with the provisions of the BIA. The procedure for valuing Claims of the Unsecured Creditors and resolving disputes with respect to such Claims will be as set forth in the BIA. The Debtor and/or the Trustee reserve the right to seek the assistance of the Court in valuing any Claim, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Unsecured Creditor under the Proposal, as the case may be.

## ARTICLE 4

### CREDITORS' MEETING

#### 4.1 Creditors' Meeting

On the Creditors' Meeting Date, the Debtor shall hold the Creditors' Meeting in order for the Unsecured Creditors to consider and vote upon the Proposal.

#### 4.2 Time and Place of Meeting

Unless otherwise ordered by the Court, the Creditors' Meeting shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the notice of Creditors' Meeting to be mailed to Unsecured Creditors pursuant to the BIA.

#### 4.3 Conduct of Meetings

The Official Receiver, or the nominee thereof, shall preside as the chair of the Creditors' Meeting and will decide all matters relating to the conduct of the Creditors' Meeting. The only persons entitled to attend the Creditors' Meeting are those persons, including the holders of proxies, entitled to vote at the Creditors' Meeting and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Trustee as the Trustee may appoint in its discretion, and such scrutineers as may be duly appointed by the chair of such meeting. Any other person may be admitted on invitation of the chair of the Creditors' Meeting or with the consent of the Unsecured Creditors.

#### 4.4 Adjournment of Meetings

The Creditors' Meeting may be adjourned in accordance with Section 52 of the BIA.

#### 4.5 Voting by Unsecured Creditors

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount that is equal to that Creditor's Claim. Any Proof of Claim in respect of an Unsecured Claim that is not a Proven Claim as at the Creditors' Meeting Date will be marked as objected to in accordance with subsection 108(3) of the BIA.

#### 4.6 Approval by Creditors

In order that the Proposal be binding on Unsecured Creditors in accordance with the BIA, it must first be accepted by the Unsecured Creditors as prescribed by this Proposal by a majority in number of the Unsecured Creditors who actually vote upon the Proposal (in person or by proxy) at the Creditors' Meeting or by a Voting Letter, representing two-thirds in value of the Proven Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Creditors' Meeting or by a Voting Letter.

#### 4.7 Appointment of Inspectors

At the Creditors' Meeting the Unsecured Creditors may appoint up to Five (5) Inspectors whose powers will be limited to: (a) advising the Trustee concerning any dispute which may arise as to the validity of Claims; and (b) advising the Trustee from time to time with respect to any other matter that the Trustee may refer to them.

ARTICLE 5

PROPOSAL FUND

5.1 Proceeds Generated from Equipment Sales

The Debtor will, with the assistance of the Trustee, make efforts to sell the assets listed in Schedule "A". Any proceeds realized, net of sales commission, charges or expenses, and net of any amounts required to be paid to any Secured Creditor to enable the sale to complete in accordance with the terms of the Secured Creditor's security, will be paid by the Debtor to the Trustee within 10 Business Days of receipt of same by the Debtor.

5.2 Proceeds Generated from Earnings Over Next 12 Months

From May 1, 2014 to and including April 30, 2015, the Debtor will pay to the Trustee 60% of its net operating profit as determined by its earnings before interest, taxes, depreciation and amortization (EBITDA), which payments will be made to the Trustee each month by the last Business Day of the following month. The Debtor will deliver to the Trustee either before or with each payment, the relevant monthly financial statement and the calculation of EBITDA, which statement and calculation will be reviewed by the Trustee.

ARTICLE 6

SECURITY

6.1 Security for Proposal

To the extent that the Proposal Proceeds are not paid to the Trustee prior to the Creditors' Meeting Date, as security for the payment to be made to the Unsecured Creditors, the Trustee shall be granted a security interest in the Proposal Proceeds.

ARTICLE 7

PAYMENT OF CERTAIN CREDITORS

7.1 Administrative Fees and Expenses

The Administrative Fees and Expenses shall be paid in full out of the Proposal Proceeds.

7.2 Payment of Employee Creditors

The Proven Claims, if any, of the Employee Creditors shall be paid from the Proposal Proceeds within 20 Business Days of the date the Approval Order is made.



### 7.3 Payment of Source Deduction Creditors

Unless Her Majesty agrees otherwise, the Proven Claims, if any, of the Source Deduction Creditors shall be paid from the Proposal Proceeds within six months of the Approval Order is made.

## ARTICLE 8

### DISTRIBUTION

#### 8.1 Unaffected Creditors

This Proposal is being made to the Unsecured Creditors and does not impact the Unaffected Creditors, who will not receive any distributions pursuant to this Proposal and whose claims will be postponed until such time as the Debtor's obligations hereunder have been fulfilled.

#### 8.2 Unsecured Creditors

The Proposal Proceeds will be distributed by the Trustee, on an interim basis at the discretion of the Trustee based on the availability of distributable proceeds, and in any event on the Implementation Date, as follows:

- (a) first, to each Preferred Creditor in respect of that Preferred Creditor's Proven Claim in the priority established by the BIA; and
- (b) second, to each Unsecured Creditor, 100% of its Proven Claim up to a maximum of \$2,000; and
- (c) third, to each Unsecured Creditor *pro rata* based on the proportion that the Proven Claim of such Unsecured Creditor bears to the total Proven Claims of all Unsecured Creditors.

#### 8.3 Levy

Payments to each Unsecured Creditor shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA and the Trustee shall remit the amount of such levy to the Office of the Superintendent of Bankruptcy contemporaneous with the distributions to Unsecured Creditors contemplated in Section 7.1.

#### 8.4 Discharge of Trustee

Upon the payment by the Trustee of the amounts contemplated in this Article 8, the Trustee shall have discharged its duties as Trustee and the Trustee shall be entitled to apply for its discharge as Trustee. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by this Proposal unless such acts have been carried out in bad faith and constitute a wilful or wrongful act or default.

## ARTICLE 9

### MISCELLANEOUS

#### 9.1 Compromise Effective for all Purposes

The provisions of this Proposal will be binding upon each Unsecured Creditor, their heirs, executors, administrators, successors and assigns, for all purposes.

#### 9.2 Modification of Proposal

The Debtor may propose an alteration or modification to the Proposal prior to the vote taking place on the Proposal.

#### 9.3 Consents, Waivers and Agreements

In return for the distribution contemplated by the Proposal, the Unsecured Creditor will be deemed:

- (a) to have executed and delivered to the Debtor all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out this Proposal in its entirety;
- (b) to have waived any default by the Debtor in any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Unsecured Creditor and the Debtor that has occurred on or prior to the Filing Date;
- (c) to have agreed, in the event that there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Unsecured Creditor and the Debtor as at the Filing Date (other than those entered into by the Debtor on, or with effect from, the Filing Date) and the provisions of this Proposal, that the provisions of this Proposal shall take precedence and priority and the provisions of such agreement or other arrangement shall be amended accordingly; and
- (d) to have released the Debtor, the Trustee and all of their respective affiliates, employees, agents, directors, officers, shareholders, advisors, consultants and solicitors from any and all demands, claims, actions, causes of action, counter-claims, suits, debts, sums of money, accounts, covenants, damages, judgements, expenses, executions, liens, set off rights and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert, whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Filing Date, relating to or arising out of or in connection with the matters herein; provided that nothing herein shall release the

Debtor of its obligation to make the distributions to Unsecured Creditors contemplated in this Proposal.

#### 9.4 Conditions to Proposal Implementation

The implementation of the Proposal by the Debtor will be conditional upon the fulfilment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the class of Unsecured Creditors;
- (b) obtaining of the Approval Order and it becoming final and not subject to appeal;
- (c) all of the Debtor's property listed in Schedule "A" that is, in the sole opinion of the Trustee, capable of being realized has been realized and the proceeds have been received by the Trustee; and
- (d) all Claims have become Proven Claims.

#### 9.5 Effect of Proposal on Claims Against Debtor

The treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Unsecured Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (a) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of the Claims.

#### 9.6 Effect of Proposal on Claims Against Directors

Excluding any Claim referenced in subsection 50(14) of the BIA, to the extent that Directors are at law liable for any Claim, acceptance of this Proposal shall constitute (a) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby as against the Director; and (b) an absolute release and discharge of all indebtedness, liabilities and obligations of the Director of or in respect of the Claims.

#### 9.7 Conduct of Debtor's Business

Subject to any Order made by the Court, the Debtor shall remain in possession and control of its property and assets at all times, both before and after implementation of this Proposal.

ARTICLE 10

GENERAL

10.1 Notices

Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail or by e-mail (except for Proofs of Claim which may only be sent by personal delivery, e-mail or registered mail) addressed to the respective parties as follows:

- (a) if to the Debtor:

c/o Gowling Lafleur Henderson LLP  
Suite 2300, 550 Burrard Street  
Vancouver BC V6C 2B5

Attention: Colin Brousson  
E-mail: colin.brousson@gowlings.com

- (b) if to the Trustee:

The Bowra Group Inc.  
Suite 430, 505 Burrard Street  
Vancouver BC V7X 1M3

Attention: Doug Chivers  
E-mail : dchivers@bowragroup.com

- (c) if to an Unsecured Creditor, to the mailing address or e-mail address for such Unsecured Creditor specified in the Proof of Claim filed by such Unsecured Creditor or, if no proof of Claim has been filed, to such other mailing address or e-mail address at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted; and

or to such other mailing address or e-mail address as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery or by e-mail and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by e-mail or by delivery 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 and in to case of notice mailed as aforesaid, on the fifth (5<sup>th</sup>) Business Day following the date on which such notice or other

communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

#### 10.2 Foreign Currency Obligations

For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Filing Date.

#### 10.3 Applicable Law

This Proposal shall be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and shall be treated in all respects as a British Columbia contract.

#### 10.4 Non Severability

It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

#### 10.5 Deeming Provisions

In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

DATED at the City of Vancouver, in the Province of British Columbia,  
this 16 day of April, 2014.

MALASPINA ENTERPRISES LTD.

Per: \_\_\_\_\_  
Name:  
Title:



SCHEDULE A  
ASSETS TO BE SOLD

2001 CAT 330C Grapple

1994 Kenworth Dumptruck

2005 CAT 330C Grapple

1991 CAT 980F Grapples

1984 Hyundai Rolex 290

1979 Side Winder 13'

1977 Double Edged Crew Boat

13' Sind Winder

2005 Ford F350 Crew

2006 Ford F350 Crew

5 Room 40' Camp Trailer

1975 International Paystar 500

Court File No. B140488 (Vancouver Registry)  
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**IN THE MATTER OF THE PROPOSAL  
OF MALASPINA ENTERPRISES LTD.**

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**ORDER**

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**GOWLING LAFLEUR HENDERSON LLP**  
BARRISTERS & SOLICITORS – PATENT & TRADE MARK AGENTS

Suite 2300 – 550 Burrard Street, Bentall 5  
Vancouver, BC V6C 2B5  
Attention: Colin D. Brousson  
File No. V41605

Telephone (604) 683-6498

Facsimile (604) 683-3558

**DYE & DURHAM CORPORATION**

*W/O 790 8803-1 Attention to Doris Bodde*

*Ref: V41605 - Malaspina Jun 10, 2014*

V41605\VAN\_LAW\1468218\5