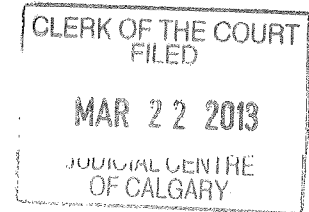


Form 7
[Rule 3.8]



Clerk's stamp:

COURT FILE NUMBER 1301-02432
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE ALBERTA *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS
AMENDED

APPLICANT RS TECHNOLOGIES INC.
DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8
Attn: Kelly J. Bourassa/Ryan Zahara
Telephone: 403-260-9697/403-260-9628
Facsimile: 403-260-9700
Email: kelly.bourassa@blakes.com
ryan.zahara@blakes.com
File Ref.: 89300/1

NOTICE TO RESPONDENT

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date Wednesday, March 27, 2013
Time 11:00 a.m.
Where Calgary Courts Centre
Before Whom Honourable Madam Justice K.M. Eidsvik

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. RS Technologies Inc. (“**RS**” or the “**Company**”) is seeking an Order, substantially in the form attached hereto as Schedule “A”:
 - (a) abridging the time for service of this Application and declaring that this Application is properly returnable today, if necessary, and further service of the Application, other than to those listed on the Service List attached hereto as Schedule “B” is hereby dispensed with;
 - (b) authorizing the Company, with the consent of the Monitor and the Interim Lender, to pay certain pre-filing obligations to suppliers it determines are critical;
 - (c) approving the key employee retention plan (the “**KERP**”) and authorizing the Company and the Monitor to do all such things as are reasonably necessary to implement the KERP including, without limitation, making payments to any persons identified as being key employees (the “**Key Employees**”) who are entitled to receive payments pursuant to the KERP;
 - (d) declaring that Division 4 of Part 6 of the Alberta *Rules of Court*, A.R. 124/2010 (the “*Rules of Court*”) does not apply to this Application and the sealing of the KERP on the Court file; and
 - (e) such further and other relief as counsel may request and this Honourable Court may deem appropriate.

Grounds for making this application:

2. The grounds upon which the Company relies in making the within Application are as follows:
 - (a) the Company was granted protection from its creditors under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to the Initial Order granted by this Honourable Court on March 14, 2013 (the “**Initial Order**”);

Pre-Filing Obligations

- (b) certain of the Company's suppliers are critical to its ongoing operations and the Company is concerned that these suppliers may not continue to supply goods and services going forward without payment of certain pre-filing obligations;
- (c) there is a risk that if the pre-filing obligations of certain critical suppliers are not paid certain suppliers may not be able to continue to operate their businesses or supply the Company without interruption. Should these suppliers fail it will dramatically affect the ability of RS to meet the needs of its customers in a timely fashion;
- (d) the payment of these pre-filing obligations with the consent of the Monitor and the Interim Lender will ensure that the Company can continue its operations without undue interruption that could negatively impact its relationships with its customers;

KERP

- (e) the Company has determined that the KERP is necessary in order to retain the Key Employees. The Key Employees will receive payments in accordance with the terms and procedures provided for in the KERP;
- (f) the maximum amount that is payable under the KERP is approximately \$495,775, including contingent amounts;
- (g) the KERP contains sensitive and confidential business information concerning the compensation paid to the Company's employees, disclosure of which would be highly prejudicial to the continued operation of the Company, as well as its ability to retain its employees; and
- (h) such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or evidence to be relied on:

3. The Company intends to rely upon the following materials:
 - (a) the Initial Order;
 - (b) the Affidavit of Howard R. Elliott sworn March 21, 2013;
 - (c) the Monitor's First Report to the Court, to be filed;
 - (d) the Affidavit of Howard R. Elliott sworn March 13, 2013; and
 - (e) such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable rules:

4. The Company will rely upon and refer to the following Rules during the making of the Application:
 - (a) Rules 6.28 and 11.27 of the *Rules of Court*; and
 - (b) such further and other Rules as counsel for the Company may advise.

Applicable Acts and regulations:

5. The Company will rely upon and refer to the provisions of the CCAA during the making of the Application.

Any irregularity complained of or objection relied on:

6. None.

How application is proposed to be heard or considered:

7. Oral submission by counsel at an application in chambers.

AFFIDAVIT EVIDENCE IS REQUIRED IF YOU WISH TO OBJECT.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

Schedule "A"

Clerk's stamp:

COURT FILE NUMBER 1301-02432
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE ALBERTA *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS
AMENDED

APPLICANT RS TECHNOLOGIES INC.
DOCUMENT **ORDER RE: KEY EMPLOYEE RETENTION PLAN
AND PAYMENT TO CRITICAL SUPPLIERS**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT BLAKE, CASSELS & GRAYDON LLP
3500, 855 – 2nd Street S.W.
Calgary, AB T2P 4J8
Attn: Kelly J. Bourassa/Ryan Zahara
Telephone: 403-260-9697/403-260-9628
Facsimile: 403-260-9700
Email: kelly.bourassa@blakes.com
ryan.zahara@blakes.com
File Ref.: 89300/1

DATE ON WHICH ORDER WAS PRONOUNCED: March 27, 2013
LOCATION OF HEARING: Justice Chambers
NAME OF JUDGE WHO MADE THIS ORDER: Honourable Madam Justice K.M. Eidsvik

UPON THE APPLICATION of RS Technologies Inc. ("RS" or the "Company"); AND UPON reading the Affidavit of Howard Elliott, sworn March 21, 2013 (the "Elliott Affidavit #2"); AND UPON reading the First Report of FTI Consulting Canada Inc. (the "Monitor") dated

March [●], 2013 (the “**First Report**”); AND UPON hearing from counsel to the Company, the Monitor, the Interim Lenders, Canadian Western Bank and other interested parties;

IT IS HEREBY ORDERED THAT:

1. Service of this Application is hereby abridged, if necessary, such that the Application is properly returnable today and, further, that any requirement for service of the Application upon any party not served is hereby dispensed with.
2. The key employee retention plan (the “**KERP**”) marked as Exhibit “A”, but not attached, to the Elliott Affidavit #2 is hereby approved and the Company and the Monitor are authorized and empowered to take such steps that are advisable, necessary or required to implement the KERP including, without limitation, making payment to any persons identified as key employees (the “**Key Employees**”) in the KERP who become entitled to receive payments pursuant to the KERP.
3. The Key Employees are hereby granted a charge (the “**KERP Charge**”) on the Property (as defined in the Initial Order granted by this Honourable Court on March 14, 2013, the “**Initial Order**”) in the aggregate amount of \$495,775.00 as security for the obligations of the Company under the KERP. The KERP Charge will rank in priority after the Administration Charge and the Interim Lender’s Charge (each defined in the Initial Order).
4. Paragraph 34 of the Initial Order shall be deleted in its entirety and replaced with the following:

The priorities of the Administration Charge, Interim Lender's Charge and KERP Charge, as among them, shall be as follows:

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

Second – Interim Lender's Charge (to the maximum amount of \$750,000); and

Third – KERP Charge (to the maximum amount of \$495,775).

The filing, registration or perfection of the Administration Charge, the Interim Lender's Charge, or the KERP Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

5. Paragraph 35 of the Initial Order shall be deleted in its entirety and replaced with the following:

Each of the Administration Charge, the Interim Lender's Charge and the KERP Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

6. Paragraph 36 of the Initial Order shall be deleted in its entirety and replaced with the following:

Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Administration Charge, the Interim Lender's Charge, or the KERP Charge, unless the Applicant also obtains the prior written consent of the Monitor, the Interim Lender and the beneficiaries of the Administration Charge, or further order of this Court.

7. Paragraph 37 of the Initial Order shall be deleted in its entirety and replaced with the following:

The Administration Charge, the Credit Agreement, the Definitive Documents, the Interim Lender's Charge and the KERP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit

of the Charges (collectively, the "Chargees") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:

- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
- (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
- (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
- (d) the provisions of any federal or provincial statutes; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Credit Agreement or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicant of any Agreement to which it is a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the Applicant entering into the Credit Agreement, or execution, delivery or performance of the Definitive Documents; and

- (iii) the payments made by the Applicant pursuant to this order, including the Credit Agreement or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

- 8. Division 4 of Part 6 of the Alberta *Rules of Court* does not apply to the Application, and the Clerk of the Court be and is hereby directed to seal the KERP, being Exhibit "A" to the Elliott Affidavit #2, on the Court file.

- 9. Any person may apply to this Honourable Court, on reasonable notice to any affected party, to vary, amend or set aside the provisions of paragraph 8 of this Order.

- 10. The Company is hereby authorized to make payment, with the consent of the Monitor and the Interim Lender, of the pre-filing obligations of suppliers the Company deems to be critical to its continued operations.

Justice of the Court of Queen's Bench of Alberta

Schedule B”

COURT FILE NUMBER 1301-02432
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL DISTRICT CALGARY

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

AND IN THE MATTER OF THE *ALBERTA BUSINESS CORPORATION ACT*, R.S.A. 2000, c. B-4, AS AMENDED

AND IN THE MATTER OF RS TECHNOLOGIES INC.

SERVICE LIST
 updated March 15, 2013

<i>Counsel</i>	<i>Telephone</i>	<i>Fax</i>	<i>Counsel For</i>
BLAKE, CASSELS & GRAYDON LLP 3500, 855 – 2 nd Street SW Calgary, AB T2P 4J8 KELLY BOURASSA E-mail: kelly.bourassa@blakes.com RYAN ZAHARA E-mail: ryan.zahara@blakes.com	 (403) 260-9697 (403) 260-9628	(403) 260-9700	RS Technologies Inc.
FTI CONSULTING INC. 1000, 888 – 3rd Street SW Calgary, AB T2P 5C5 DERYCK HELKAA E-mail: Deryck.Helkaa@fticonsulting.com	 (403) 444-5372	(403) 444-6699	Monitor
McCARTHY TÉTRAUULT LLP 3300, 421 – 7 th Avenue SW Calgary, AB T2P 4K9 SEAN COLLINS E-mail: scollins@mccarthy.ca WALKER MacLEOD E-mail: wmacleod@mccarthy.ca	 (403) 260-3531 (403) 260-3710	(403) 260-3501	Monitor
GOWLING LAFLEUR HENERSON LLP 1400, 700 – 2 nd Street SW Calgary, AB T2P 4V5 THOMAS CUMMING E-mail: tom.cumming@gowlings.com JEFFREY OLIVER E-mail: jeffrey.oliver@gowlings.com	 (403) 298-1'938 (403) 298-1818	(403) 695-3538	Werklund Capital Corporation Melbye Skandinavia AS

BORDEN LADNER GERVAIS LLP 1900, 520 – 3 rd Avenue SW Calgary, AB T2P 0R3 JOSEF KRUGER E-mail: jkruger@blgcanada.com	(403) 232-9563	(403) 266-1395	Brian Felesky, Jim Gray, Paul Giannelia in their capacities as contingent creditors of RS Technologies Inc.
McLENNAN ROSS LLP 600, 12220 Stony Plain Road Edmonton, AB T5N 3Y4 CHARLES RUSSELL, Q.C. E-mail: crussell@mross.com	(780) 482-9115	(780) 482-9102	Canadian Western Bank
CANADIAN WESTERN BANK 200, 606 – 4 th Street SW Calgary, AB T2P 1T1 KEN DUKE E-mail: ken.duke@cwbank.com			Canadian Western Bank
THE CORPORATION OF THE MUNICIPALITY OF CHATHAM-KENT RANDY HOPE E-mail: randyhope@chatham-kent.ca			The Corporation of the Municipality of Chatham- Kent