

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 A PLAN OF
COMPROMISE OR ARRANGEMENT OF RS
TECHNOLOGIES INC.

DOCUMENT APPLICATION (PLAN SANCTION AND
AMENDMENTS TO ASPA)

ADDRESS FOR SERVICE McCARTHY TÉTRAULT LLP
AND Barristers & Solicitors
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NOTICE TO RESPONDENT(S)

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

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

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

Date	September 9, 2013
Time	3:00 p.m.
Where	Calgary Courts Centre (Commercial List)
Before Whom	The Honourable Justice A.D. Macleod

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

Remedy claimed or sought: FTI Consulting Canada Inc. (the “**Monitor**”) in its capacity as court appointed monitor of RS Technologies Inc. (“**RS**”) pursuant to an initial order issued under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) by the Honourable Justice J. Strekaf on March 14, 2013 (the “**Initial Order**”) applies for an Order, substantially in the form attached as Schedule “**A**” hereto:

1. Declaring that service of this application and the sixth report of the Monitor, dated August 30, 2013 (the “**Sixth Monitor’s Report**”) on all affected parties is good and sufficient.
2. Sanctioning and approving the Plan of Compromise and Arrangement in respect of RS, substantially in the form attached as Appendix “**A**” to the Sixth Monitor’s Report (the “**Plan**”).
3. Authorizing RS as the Monitor to implement the Plan in accordance with its terms.
4. Approving certain amendments to the asset and share purchase agreement between RS, as seller, Melbye Skandinavia AS (“**Melbye**”) and Werklund Capital Corporation (“**Werklund**”), as buyers, (Melbye and Werklund collectively referred to as the “**Buyers**”), and the Monitor, dated as of April 11, 2013 (the “**ASPA**”).
5. Such further and other relief as counsel for the Monitor may advise.

Grounds for making this application: The grounds for the Application are as follows:

6. The Monitor was appointed as the court-appointed monitor of RS pursuant to the Initial Order.
7. On April 11, 2013, this Honourable Court issued an order (the “**SISP Order**”) that approved a sale and investment solicitation process in respect of RS (the “**SISP**”). The SISP Order also approved the ASPA and designated the ASPA as the stalking-horse bid pursuant to the SISP. The ASPA provided that the transactions contemplated thereby could occur as either an asset purchase or a share purchase. The Monitor implemented the SISP in accordance with the terms of the SISP Order.
8. The SISP did not result in a bid that was superior to the ASPA. The Monitor thereafter terminated the SISP and filed an application to implement the ASPA in accordance with the terms of the SISP. The Monitor’s application was adjourned *sine die* so as to allow the Buyers, RS and its

various stakeholders to determine if the ASPA could be implemented through a share purchase and a plan of compromise and arrangement under the CCAA and *Business Corporations Act* (Alberta).

9. The Buyers, in consultation with RS and the Monitor, have developed the Plan. The material transactions that will occur under the Plan are as follows:

- (a) The ASPA will proceed as a share purchase transaction;
- (b) All of the existing shares of RS will be retracted and cancelled for no consideration;
- (c) The Buyers will become the sole Class “A” common shareholders of RS, which shares will be voting shares; and;
- (d) The Affected Creditors will become the sole Class “B” common shareholders of RS, which shares will be non-voting shares.

10. The Plan also contemplates unaffected creditors being paid in full, including ordinary trade creditors, the mortgagee of RS’s manufacturing facility in Tillbury, Ontario, and employees.

11. On August 23, 2013, this Honourable Court issued an Order approving the transaction applicable to a share purchase agreement in the ASPA and authorizing RS to convene a meeting of its creditors to vote on the Plan (the “**Creditors’ Meeting**”). At the Creditors’ Meeting, the Plan was approved by 100% of Affected Creditors (or such term as defined in the Plan) voting in person or by proxy.

12. The Buyers are seeking to amend the ASPA so as to pay trade creditors that are unaffected by the Plan amounts owed to them within sixty (60) days of implementation of the Plan. The Monitor is supportive of the amendment to the ASPA.

13. Such further and other grounds as counsel for the Monitor may advise.

Material or Evidence to be relied On: The Monitor will rely on the following material:

14. The Sixth Monitor’s Report.

15. Such further and other material as counsel for the Monitor may advise.

Applicable rules:

16. Rule 6.3(1) of Alberta Rules of Court.

17. Such further and other rules as counsel for the Monitor may advise.

Applicable Acts and regulations:

18. The *Companies' Creditors Arrangement Act* (Canada) and the *Business Corporations Act* (Alberta).

19. Such further and other acts and regulations as counsel for the Monitor may advise.

Any irregularity complained of or objection relied on:

20. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

21. The Monitor proposes that the Application be heard in person and by telephone with one, some or all of the parties present.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) 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"

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

Clerk's Stamp

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

AND IN THE MATTER OF A PLAN OF
COMPROMISE OR ARRANGEMENT OF RS
TECHNOLOGIES INC.

DOCUMENT **ORDER (Plan Sanction and Amendments
to ASPA)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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wmacleod@mccarthy.ca
File: 207091-451454

DATE ON WHICH THIS ORDER WAS PRONOUNCED: September 9, 2013

JUDGE PRONOUNCING THIS ORDER: Justice A.D. Macleod

LOCATION OF HEARING: Calgary, Alberta

UPON the application of FTI Consulting Canada Inc. (the "**Monitor**"), in its capacity as court appointed monitor of RS Technologies Inc. (the "**Company**") pursuant to the initial order issued under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") on March 14, 2013 (the "**Initial Order**"); **AND UPON** reading the sixth report of the Monitor, dated August 30, 2013 (the "**Sixth Monitor's Report**"); **AND UPON** reading the affidavit of service of ●, sworn ●, 2013 (the "**Affidavit of Service**"); **AND UPON** hearing from counsel for the Monitor, for the Company, for

Melbye Skandinavia AS and Werklund Capital Corporation (collectively referred to as the “**Buyers**”) and any other persons present; **IT IS HEREBY ORDERED AND DECLARED THAT:**

Defined Terms

1. All capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Plan of Compromise and Arrangement in respect of RS, substantially in the form attached as Appendix “**A**” to the Sixth Monitor’s Report (the “**Plan**”).

Service of Application

2. Service of the application filed in the within proceedings on September 3, 2013 and the Sixth Monitor’s Report is deemed to be good, sufficient and validated on all Persons affected by the Plan including, without limitation, all of the Affected Creditors and all of the Existing Shareholders.

Sanction and Implementation of the Plan

3. The Company has complied in all material respects with the provisions of the CCAA and all previous Orders issued in the CCAA Proceedings.

4. The Plan has been agreed to and approved by the Required Majority of Creditors in accordance with the requirements of the CCAA.

5. The Plan is found to be fair and reasonable to the Creditors, is in the best interests of the Company and all affected Persons and is hereby finally and absolutely sanctioned and approved pursuant to the provisions of the CCAA.

6. As of the Plan Implementation, the Plan and all associated steps, transactions, arrangements, assignments, releases and reorganizations effected hereby are approved, binding and effective as set out therein upon the Company, all Affected Creditors, the Existing Shareholders and all other Persons and parties affected by the Plan.

7. The steps to occur, be taken and be effected, and the releases to be effected, on the Plan Implementation are deemed to occur, be taken and effected, and be effective in the sequential order contemplated by Section 6.4(a) of the Plan on Plan Implementation, beginning at the Effective Time.

8. Effective upon the fulfillment, satisfaction or waiver of the conditions in Section 9.1 and in the sequential order contemplated by Section 6.4:

- (a) all Existing Shares are redeemed as of Plan Implementation for no consideration and any rights of the Existing Shareholders under, pursuant to or arising from their Existing Shares are extinguished;
- (b) all classes of Existing Shares are cancelled and extinguished;
- (c) the Class A Common Shares are issued to the Buyers and the Class B Common Shares are issued to the Affected Creditors free and clear of any Encumbrances or Claims;
- (d) the releases referred to in Section 7.1 of the Plan are effective in accordance with the Plan, the Released Parties are discharged and released from any and all Affected Claims of any Affected Creditor, the ability of any Affected Creditor to proceed against the Released Parties in respect of or relating to Affected Claims is hereby forever barred, extinguished, discharged and restrained and all proceedings with respect to, in connection with or relating to such Claims hereby are permanently stayed;
- (e) the CCAA Charges are terminated and discharged (effective, in the case of the Administration Charge, on the filing by the Monitor of the certificate contemplated by Section 8.2(i) of the Plan); and
- (f) any and all Encumbrances in favour of any Affected Creditor or which any Affected Creditor holds by way of subrogation are terminated and discharged, and any Registrar of any personal property security registry or any real property registry is hereby authorized and directed to discharge any such Encumbrance. For greater certainty, and without limiting the generality of the foregoing, the Monitor is expressly authorized and directed to effect the discharge of the registrations in the Alberta Personal Property Registry as identified in Schedule "A" hereto.

Continuation of Obligations and Agreements

9. All obligations, agreements or leases to which the Company is a party are declared to be and remain in full force and effect, unamended, as at Plan Implementation, and no party to any such obligation or agreement will on or following Plan Implementation accelerate, terminate, refuse to renew, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or

exercise (or purport to enforce or exercise) any right or remedy under or in respect of any such obligation, agreement or lease, by reason:

- (a) of any event which occurred prior to, and not continuing after, Plan Implementation or which is or continues to be suspended or waived under this Plan, which would have entitled any other party thereto to enforce those rights or remedies;
- (b) that the Company has sought or obtained relief or has taken steps as part of the Plan or under the CCAA or ABCA;
- (c) of any default or event of default arising as a result of the financial condition or insolvency of the Company;
- (d) of the effect upon the Company of the completion of any of the transactions contemplated under the Plan; or
- (e) of any restructurings or reorganizations effected pursuant to the Plan;

Barring of Claims and Stay in favour of Released Parties

10. Without limiting anything in the Claims Procedure Order, any Claims that are not Proven Claims are forever barred and extinguished, the Company is discharged and released from any and all Claims of any nature in accordance with the Plan, the ability of any Person to proceed against the Company in respect of or relating to any Claims is forever discharged and restrained and all proceedings with respect to, in connection with or relating to such Claims are permanently stayed, subject to the right of the Affected Creditors to receive distributions of Class B Common Shares and any other payments expressly provided for in the Plan, provided that nothing shall release or discharge (a) the Company from any obligation to an Affected Creditor or holder of Class A Common Shares or Class B Common Shares created by the Plan, (b) a Released Party (as defined in the Plan) from any criminal, fraudulent or other willful misconduct, (c) a Released Party from any claim with respect to matters set out in Section 5.1(2) of the CCAA, or (d) the Company from the satisfaction of any Unaffected Claims in the manner and to the extent contemplated in section 5.9 of the Plan.

11. The right to commence, take, apply for, issue or continue any and all steps or proceedings, including administrative hearings and orders, declarations or assessments commenced, taken or proceeded with or that may be commenced, taken or proceeded with against a Released Party in

respect of all Claims released by paragraph 10 hereof and the Plan and any other matter pursuant to Section 7.1 of the Plan is hereby stayed, suspended and forever extinguished..

Extension of Stay of Proceedings

12. The Stay Period (as such term is defined in the Initial Order) be and is extended in respect of the Company, the Directors and the Officers to and including Plan Implementation.

Authorization and Discharge of the Monitor

13. The Monitor is authorized and empowered to perform all of its functions and fulfil all of its obligations under the Plan to facilitate the implementation of the Plan.

14. Upon completion by the Monitor of its duties in respect of the Company pursuant to the CCAA and the Orders, the Monitor may file with the Court a certificate of Plan completion stating that all of its duties in respect of the Company pursuant to the CCAA and the Orders have been completed and thereupon, FTI Consulting Canada Inc. will be deemed to be discharged from its duties as Monitor of the Company and the Administration Charge will be terminated and released.

Multilateral Instrument 61-101

15. The Company is hereby released from further compliance with sections 4.2 and 4.5 of Multilateral Instrument 61-101- Protection of Minority Securities Holders in Special Transaction, other than those steps as outlined in the Sixth Monitor's Report.

Further Advice and Directions

16. The Company, the Monitor and the Buyers may apply to the Court for advice and direction in respect of any matter arising from or under the Plan.

Termination of Proceedings

17. The Initial Order shall have no further force or effect from and after 11:59 p.m. on the date of the Plan Implementation. The CCAA Proceedings are declared completed and the Stay Period (as such term is defined in the Initial Order) shall be terminated as of 11:59 p.m. on the date of the Plan Implementation.

No Fraudulent Preference or Conveyance

18. Notwithstanding:

- (b) the pendency of these proceedings;
- (c) a bankruptcy of the Company; and
- (d) the provisions of any federal or provincial statute,

none of the transactions contemplated by the Plan will be void or voidable at the instance of Creditors and shall not constitute nor shall they be deemed to be settlements, fraudulent preferences, assignments, fraudulent conveyances or other reviewable transactions under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislations, and they do not constitute conduct meriting an oppression remedy and shall be binding on a trustee in bankruptcy in respect of the Company.

Request for Assistance of Foreign Courts

19. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other foreign jurisdiction, to give effect to this Order and to assist the Company, the Monitor, the Buyers and their respective agents in carrying out the terms of this Order and in implementing the Plan. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order and to implement the Plan.

Amendments to the ASPA

20. The amending agreement to the ASPA, substantially in the form attached as Appendix “**B**” to the Sixth Monitor’s Report (the “**Amending Agreement**”), be and is hereby approved and the Company, the Buyers and the Monitor are authorized to enter into the Amending Agreement.

Service of Order

21. Service of this Order shall be good, sufficient and validated on all Persons affected by the Plan including, without limitation, all of the Affected Creditors and all of the Existing Shareholders, by performance of the following:

- (a) by delivery of this Order to all Persons appearing at the Application by email, courier, registered mail or personal delivery;

- (b) by the delivery of this Order to Computershare Trust Company of Canada by email, courier, registered mail or personal delivery;
- (c) by the posting of this Order on the website established by the Monitor in the within proceedings; and
- (d) by the issuance of a press release by the Company advising of the issuance of this Order.

J.C.Q.B.A.

SCHEDULE "A"

ALBERTA PPR REGISTRATIONS TO BE DISCHARGED

Registration Number	Registration Type	Secured Party	Collateral Description
10031812059	Security Agreement	Canadian Western Bank 606-4 th Street S.W. Calgary, AB T2P 1T1	All present and hereafter acquired personal property of the debtor of whatsoever nature and kind and wheresoever situate. Proceeds: All presently owned and hereafter acquired personal property of the debtor relating to the foregoing.
10031812233	Land Charge	Canadian Western Bank 606-4th Street S.W. Calgary, AB T2P 1T1	N/A