

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 **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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**AFFIDAVIT OF HOWARD R. ELLIOTT
(Re: Stay Extension)**

I, Howard R. Elliott, of the City of Milan, in the State of Michigan, United States of America, **MAKE OATH AND SAY THAT:**

1. I am the President and Chief Executive Officer of RS Technologies Inc. (“**RS**” or the “**Company**”) and swear this Affidavit on behalf of RS. I have personal knowledge of the facts deposed to herein or, where indicated, I have been advised and believe the facts to be true to the best of my knowledge. In preparing this Affidavit, I have also consulted with other members of the senior management team at RS.
2. I am authorized to make this Affidavit on behalf of RS.

3. All capitalized terms used but not defined herein have the meaning ascribed to them in my Affidavit sworn on March 13, 2013 (the "**First Affidavit**").

RELIEF REQUESTED

4. This Affidavit is made in support of an application by the Company for an Order pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), extending the Stay Period (as defined below) to August 31, 2013, or such later date as the Court sees fit to grant.

BACKGROUND

5. The Initial Order granted by this Honourable Court, among other things:
 - (a) stayed all proceedings and remedies taken or that might be taken in respect of the Company or any of its property, except as otherwise set forth in the Initial Order or as otherwise permitted by law, for an initial period of 30 days to April 12, 2013 (the "**Stay Period**");
 - (b) authorized the Monitor to obtain interim financing from Werklund Capital Corporation ("**WCC**") and Melbye Skandinavia AS ("**Melbye**", and collectively with WCC, the "**Interim Lender**") on behalf of the Company and granted a charge against all of the property and assets of the Company in favour of the Interim Lender to secure the interim financing; and
 - (c) permitted the Company to file with the Court a plan or plans of compromise or arrangement between the Company and its creditors (a "**Plan**").
6. Pursuant to two separate Orders granted by this Honourable Court on April 11, 2013:
 - (a) the Stay Period was extended to June 28, 2013; and
 - (b) a sale and investor solicitation procedure ("**SISP**") and accompanying asset and share purchase agreement (the "**Credit Bid Purchase Agreement**") between the

Company, as vendor, WCC and Melbye, as purchaser (the "**Stalking Horse Credit Bidder**"), and the Monitor were approved.

7. Pursuant to an Order granted by this Honourable Court on June 27, 2013 the Stay Period was further extended to July 31, 2013.

SALES PROCESS

8. I understand that the Monitor is currently conducting final negotiations with the Stalking Horse Credit Bidder with respect to any and all outstanding items in relation to the completion of an Asset Bid or a Share Bid (each as defined in the SISP) (the "**Transaction**") and that a final determination of the application filed by Armor Utility Structures Pty. Ltd. ("**Armor**") disputing the disclaimer notice issued to it by RS pursuant to section 32 of the CCAA (the "**Armor Application**") with respect to the distribution agreement dated March 30, 2012 between Armor and RS (the "**Distribution Agreement**") and the valuation of any resulting claim (the "**Armor Claim**") is required prior to the completion of the Transaction.

INTERIM FINANCING

9. In order to allow the Company to continue its operations and fund the costs associated with these proceedings, I understand that the Monitor and the Interim Lender are currently engaged in negotiations with respect to a further extension of the Interim Financing Credit Agreement to accommodate the extension of the Stay Period to August 31, 2013, as is being sought by the Company.

DISCLAIMER OF AGREEMENT


10. The Armor Application has been scheduled to be heard on July 29, 2013.
11. Pursuant to an Order granted by this Honourable Court on July 12, 2013, a process has been established for determining the value of the Armor Claim should the Court deny the Armor Application and allow the disclaimer Distribution Agreement. An application to

determine the value of the Armor Claim, if required, is scheduled to be heard by this Honourable Court on August 6, 2013.

STAY EXTENSION

- 12. The Company is requesting an extension of the stay of proceedings to and including August 31, 2013 so as to allow for determination of the Armor Application and valuation of the Armor Claim, the closing of the Transaction and the filing of a Plan, if applicable. The completion of such activities will increase the likelihood of a successful restructuring, as well as provide certainty to the Company's creditors and customers, prevent further value erosion, preserve the Company's business as a going concern, preserve jobs and maximize value for the benefit of stakeholders.
- 13. The Company has been and continues to act diligently and in good faith in its efforts to achieve a successful restructuring for the benefit of all stakeholders.
- 14. I swear this Affidavit in support of the Application filed by the Company for an Order granting an extension of the Stay Period.

SWORN BEFORE ME, at the City of)
Ann Arbor, Michigan this 25th day of)
July, 2013)

)
A Notary Public in and for the State of)
Michigan, United States of America)



HOWARD R. ELLIOTT

HEATHER CONWAY-VISSER
NOTARY PUBLIC, STATE OF MI
COUNTY OF WASHTENAW
MY COMMISSION EXPIRES Aug 12 2017
ACTING IN COUNTY OF Washington Co.