

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL
COURT NO: 500-11-039789-108
ESTATE NO: 41-1423887

SUPERIOR COURT
Commercial Division
"In matters of bankruptcy and insolvency"

IN THE MATTER OF THE PROPOSAL OF ROYWEST INVESTMENTS LTD., an insolvent corporation duly incorporated according to law, having its head office and principal place of business at 1310, Avenue Greene, Bureau 310, à Westmount, Québec, H3Z 2B2.

PROPOSAL

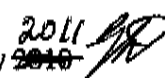
We, **Roywest Investments Ltd.** (the "**Debtor**" or the "**Company**") hereby submit the following proposal under the *Bankruptcy and Insolvency Act*:

1. **Definitions:** For all purposes relating to the present proposal under the *Bankruptcy and Insolvency Act*, the following terms shall have the following meanings:
 - 1.1. "**Act**": The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
 - 1.2. "**Crown Claims**": For the purposes of this Proposal, Crown Claims shall be limited to the claims of Her Majesty in right of Canada or a Province described in subsection 60(1.1) of the Act that were outstanding on the Date of the Proposal;
 - 1.3. "**Date of the Proposal**": The date when the notice of intention to make a proposal pursuant to section 50.4 of the Act was filed with the Official Receiver by the Debtor, namely October 28, 2010;
 - 1.4. "**Employee Claims**": All amounts that employees or former employees of the Debtor would be qualified to receive on the Date of the Proposal under paragraph 136(1)(d) of the Act;
 - 1.5. "**Ordinary Unsecured Claims**": The claims other than Secured Claims, Employee Claims, Crown Claims and Preferred Claims. For greater certainty, but without limiting the generality of the foregoing, the Ordinary Unsecured Claims shall include claims of any kind whatsoever, whether due or not for payment as at the Date of the Proposal, including contingent and unliquidated claims (once quantified) arising out of any transaction entered into by the Debtor and its representatives prior to the Date of the Proposal. Furthermore, the Ordinary Unsecured Claims shall include claims for a breach of an obligation contracted before the Date of the Proposal, regardless of the date of the breach, to the extent that such breach occurred prior to the Date of the Proposal;
 - 1.6. "**Ordinary Unsecured Creditors**": All persons having an Ordinary Unsecured Claim;

- 1.7. **"Preferred Claims"**: The claims described in paragraphs 136(1)(a) to 136(1)(j) of the Act, being such claims directed by the Act to be paid in priority to all other claims in the distribution of the property of a bankrupt, excluding Employee Claims;
 - 1.8. **"Preferred Creditor"**: A person having a Preferred Claim;
 - 1.9. **"Professional Fees"**: The proper fees, expenses, liabilities and obligations of the Trustee and all legal fees, accounting fees and consulting fees pertaining to the Debtor incurred since the filing of the Notice of Intention;
 - 1.10. **"Proposal"**: This proposal or any amendment thereto, which amendments may be made at any time prior to a vote by the creditors on the Proposal, or by the Court at the time of ratification of the Proposal;
 - 1.11. **"Secured Claims"**: The claims of the Secured Creditors, to the extent of the value of the security held by the secured Creditors as assessed by the Secured Creditor and accepted by the Trustee or as determined by the Court;
 - 1.12. **"Proven Claim"**: Means any claim for which a proof of claim is filed with the Trustee in accordance with section 124 of the Act and that is proven in accordance with section 135 of the Act;
 - 1.13. **"Secured Creditors"**: As defined in section 2 of the Act;
 - 1.14. **"Trustee"**: RSM Richter Inc., a licensed trustee, having a place of business at 2 Place Alexis-Nihon, 3500 de Maisonneuve Blvd. West, 22nd Floor, in the City of Montréal, Province of Québec, H3Z 3C2.
2. **Employee Claims**: Employee Claims, if any, will be paid in full, immediately after approval by the Court of the Proposal.
 3. **Crown Claims**: The Crown Claims shall be paid in full, within six months of approval of the Proposal by the Court, or as may otherwise be arranged with the Crown.
 4. **Professional Fees**: The Professional Fees shall be paid by the Debtor.
 5. **Secured Claims**: The Secured Creditors, if any, shall be paid in accordance with existing contracts or as may otherwise be arranged with the Secured Creditors.
 6. **Preferred Claims**: The Preferred Claims shall be paid (without interest) in full upon approval of the Proposal by the Court or as may be otherwise arranged with individual Preferred Creditors or in accordance with clause 2 hereof if such Preferred Claim is also an Employee Claim.
 7. **Ordinary Unsecured Creditors**: Each of the Ordinary Unsecured Creditors having a Proven Claim accepted by the Trustee shall receive, in full and final payment of its Ordinary Unsecured Claim, without interest or penalty, an amount representing a

percentage of **81.5%** of the capital of its Proven Claim, such amount excluding the levy payable to the superintendent pursuant to the Act, payable no later than ten (10) days following the day when the approval of the Proposal by the Court will be final. Such payment shall be made to the Ordinary Unsecured Creditors in full and final settlement of their claims against Debtor and its directors as at the Date of the Proposal.

8. **Claims against directors:** In accordance with section 50(13) of the Act, the acceptance of the Proposal by the creditors shall definitively, without further payment release the directors in office as at the Date of the Proposal from any and all liability or obligation for which they may be liable by law in their capacity as directors, respecting any claim that arose before the Date of the Proposal as provided for by section 50(13) or otherwise. It is understood however, that nothing herein shall be interpreted as an acknowledgement of any liability or obligation whatsoever on the part of the directors in office as at the Date of the Proposal, any such liability or obligation being specifically denied.
9. **Reviewable Transactions, Preferential Payments, etc.:** The provisions of sections 38 and 91 to 101 of the Act and any provision of provincial legislation having a similar objective (including but not limited to articles 1631 to 1636 of the *Civil Code of Québec*) shall not apply to the Proposal.
10. **Headings:** The headings or titles herein are provided solely for the convenience of the reader. They do not form part of the Proposal and have no authoritative meaning in interpreting the Proposal.

DATED AT ^{Boca Raton FL} ~~MONTREAL~~, this 14 day of February ²⁰¹¹ ~~2010~~ 

Roywest Investment LTD
DEBTOR

Per: 

George Deckelbaum