



Estate Number: 31-1942523

Court File No: 31-1942523

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)

MONDAY, THE 2ND

JUSTICE)

NEWBOULD

DAY OF MARCH, 2015

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985 c. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF WABI IRON & STEEL CORP.,
OF THE CITY OF NEW LISKEARD, IN THE PROVINCE OF ONTARIO

ORDER

THIS MOTION is made by Richter Advisory Group Inc., in its capacity as proposal trustee (the "**Proposal Trustee**") in connection with the Notice of Intention to Make a Proposal ("**NOI**") filed by Wabi Iron & Steel Corp. ("**Wabi**"), for an Order pursuant to the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the "**BIA**"), *inter alia*, approving the proposal of Wabi filed with the Official Receiver on January 9, 2015 (the "**Proposal**"), which Proposal was accepted by the requisite number and dollar value of the creditors voting at the meeting to consider and vote on the Proposal, either in person or by proxy, held on January 30, 2015, such Proposal attached hereto as Schedule "**A**", was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the report of the Proposal Trustee dated February 20, 2015, and the Exhibits thereto, filed, and on hearing the submissions of counsel for the Proposal

Trustee, Wabi and such other parties as were present, no one else appearing although duly served as appears from the affidavit of service of Tasha Boyd sworn February 20, 2015, filed, and having determined that the terms of the Proposal are reasonable and calculated to benefit the general body of creditors and that no offences or facts have been proved to justify the Court withholding its approval:

DEFINITIONS

1. **THIS COURT ORDERS** that all capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal.

APPROVAL OF THE PROPOSAL

2. **THIS COURT ORDERS** that the Proposal be and is hereby approved.

3. **THIS COURT ORDERS** that, as of the Implementation Date at the time or times and in the manner set forth in the Proposal: (i) the Proposal and all associated steps, compromises, settlements, satisfactions, releases, discharges, transactions and arrangements effected thereby are approved, binding, and effective in accordance with the provisions of the Proposal and the BIA; and (ii) the treatment of the Claims of all Creditors affected by the Proposal ("**Affected Creditors**") under the Proposal shall be final and binding for all purposes and enure to the benefit of Wabi, all Affected Creditors, and all other Persons named or referred to in the Proposal, or subject to the Proposal, and their respective heirs, executors, administrators and other legal representatives, successors and assigns.

IMPLEMENTATION OF THE PROPOSAL

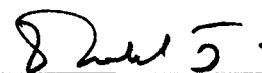
4. **THIS COURT ORDERS** that the Proposal Trustee be and is hereby authorized, directed and empowered to perform its functions and to fulfill its obligations under the Proposal to facilitate the implementation of the Proposal.

5. **THIS COURT ORDERS** that Wabi and the Proposal Trustee be and are hereby authorized and directed to make any distributions, deliveries or allocations pursuant to the Proposal and to take any such related steps or actions, as the case may be, in accordance with the terms of the Proposal, including, for greater certainty, any distributions, deliveries or allocations to Affected Creditors of cash or Payment Certificates, as applicable, and such distributions, deliveries and allocations, and steps and actions related thereto, be and are hereby approved.

6. **THIS COURT ORDERS** that the form of Payment Certificate attached hereto as Schedule "B" be and is hereby authorized and approved.

7. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada and as against all Persons against whom it may otherwise be enforced.

8. **THIS COURT ORDERS** that the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

A handwritten signature in black ink, appearing to read 'S. D. 5.', is written above a horizontal line.

Schedule "A"

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, as amended**

-and-

IN THE MATTER OF THE PROPOSAL OF WABI IRON & STEEL CORP.

PROPOSAL

Wabi Iron & Steel Corp. hereby submits the following Proposal to all of its Creditors pursuant to part III of the *Bankruptcy and Insolvency Act* (Canada).

ARTICLE I

DEFINITIONS

1.1 Definitions

In this Proposal, save and except as otherwise defined, the following defined terms have the following meaning:

- (a) "Administrative Fees and Expenses" means the fees and expenses, including legal fees and disbursements, of the Trustee and the Debtor for and incidental to the negotiation, preparation, presentation, consideration and implementation of the Proposal, and all proceedings and matters relating to or arising out of the Proposal including, without limitation, any meeting or meetings of creditors to consider the Proposal and any application for Court approval of the Proposal;
- (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 at the Date of Filing;
- (d) "Business Day" means a day, other than a Saturday or Sunday, on which banks are generally open for business in Toronto, Ontario;
- (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 that may be made in whole or in part against the Debtor or any property or assets of the Debtor, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind, which indebtedness, liability or obligation is in existence at the Date of Filing or which is based on an event, act, or omission which occurred in whole or in part prior to the Date of Filing, 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 at the time of the Date of Filing;
- (g) "Claim Determination Date" means the date on which the validity of all proofs of claim filed by Creditors has been finally determined in accordance with the BIA;
- (h) "Court" means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (i) "Creditor" means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (j) "Creditors' Meeting" means any meeting of the Unsecured Creditors called for the purpose of considering and voting on the Proposal;
- (k) "Creditors' Meeting Date" means such date and time as may be called by the Trustee, but in any event shall be no later than twenty-one (21) days following the filing of this Proposal with the Official Receiver;
- (l) "Date of Filing" means December 12, 2014, the date of the filing of the Notice of Intention to Make a Proposal with the Official Receiver;
- (m) "Debtor" means Wabi Iron & Steel Corp.
- (n) "Election to Reduce Claim" means the form of election attached as Appendix I to this Proposal;
- (o) "Employment Insurance Act" means the *Employment Insurance Act*, S.C. 1996 c. 23, as amended;



- (p) "Implementation Date" means the date upon which the conditions set forth in Article 7.4 have been satisfied;
- (q) "Income Tax Act" means the *Income Tax Act*, R.S.C. c. 1 (5th Supp), as amended;
- (r) "Inspectors" means one or more inspectors appointed pursuant to the BIA, as provided for in the Proposal;
- (s) "Official Receiver" shall have the meaning ascribed thereto in the BIA;
- (t) "Ordinary Creditors" means Creditors with Proven Unsecured Claims , except for those that are:
 - (I). Preferred Creditors; or
 - (II). Unaffected Creditors;
- (u) "Payment Certificate" means a certificate issued in accordance with Article VI hereof;
- (v) "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;
- (w) "Plan" means the pension plan for employees of Wabi Iron and Steel Corp., Registration Number 1001916;
- (x) "Preferred Creditors" means Creditors with Proven Unsecured Claims which are required by the BIA to be paid in priority to all other Claims under a proposal made by a debtor and including, without limitation:
 - (i) employees and former employees of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to the amounts that they would be qualified to receive under paragraph 136(1)(d) of the BIA if the Debtor became bankrupt on the Date of Filing, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court approval of the Proposal, together with, in the case of travelling salesmen, disbursements properly incurred by those salesmen in and about the Debtor's business during the same period. For greater certainty, amounts due or which may become due pursuant to this paragraph do not include claims for severance or termination pay or any compensation in lieu of notice of termination; and

- (ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the Date of Filing and are of a kind that could be subject to a demand under,
 - (A) subsection 224(1.2) of the *Income Tax Act*;
 - (B) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution, as defined in the Canada Pension Plan, or an employee's premium, or employer's premium, as defined in the Employment Insurance Act, and of any related interest, penalties or other amounts; or
 - (C) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum
 - (1) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act*; or
 - (2) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection;
- (y) "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;
- (z) "Proposal" means this proposal together with any amendments or additions thereto;
- (aa) "Proposal Date" means January 9, 2015;
- (bb) "Proven Unsecured Claim" of a Creditor means the amount of the Claim of such Creditor (other than Unaffected Claims) finally determined in accordance with the provisions of the BIA;
- (cc) "Secured Creditor" means Royal Bank of Canada;



- (dd) "Term Lenders" means collectively Northern Ontario Heritage Fund Corporation and Temiskaming Community Futures Development Corporation;
- (ee) "Trustee" means Richter Advisory Group Inc. or its duly appointed successor or successors;
- (ff) "Unaffected Claims" means any and all claims of Unaffected Creditors;
- (gg) "Unaffected Creditors" means the Secured Creditor, the Term Lenders, Unaffected Trade Creditors and any amounts owing to the Plan;
- (hh) "Unsecured Creditors" means, collectively, the Preferred Creditors and the Ordinary Creditors; and
- (ii) "Unaffected Trade Creditor" means those Ordinary Creditors who i) are suppliers of goods and services determined by the Debtor, in consultation with the Proposal Trustee, to be critical to its ongoing operations and restructuring efforts, ii) whose goods and services cannot be reasonably sourced from Persons without material delay or cost, and iii) are identified to the Proposal Trustee prior to the Proposal Trustee issuing its report to Creditors with respect to this Proposal;
- (jj) "Voting Letter" shall mean the voting letter required by section 51(1) of the BIA to be mailed to each known 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 thereto. 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 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 that is a Business Day.

1.5 Time

All times expressed herein are local time in Toronto, Ontario, 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 Toronto, Ontario, 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 II

GENERAL INTENT

2.1 Effect of Proposal

This Proposal provides for the restructuring of the liabilities of the Debtor through the distribution to Unsecured Creditors of either a monetary payment or a Payment Certificate (as more fully described in Article VI of this Proposal) that will be provided to the Trustee by the Debtor and distributed by the Trustee in accordance with the terms of this Proposal, in full and final satisfaction of all Claims (other than Unaffected Claims) against the Debtor.

2.2 Persons Affected

This Proposal will, as of the Implementation Date, be binding on the Debtor and all Creditors.

2.3 Post-Filing Goods and Services

All goods supplied and services rendered to the Debtor subsequent to the Date of Filing shall be paid for in full in the ordinary course of business by the Debtor on terms agreed to between the Debtor and the relevant creditors.

2.4 Assets Remain Vested in Debtor

The assets of the Debtor shall not vest in the Trustee, but shall remain vested in the Debtor, and the Trustee shall have no liability whatsoever for the claims of any creditors arising before, on or after the Date of Filing.

ARTICLE III

CLASSIFICATION AND TREATMENT OF CREDITORS

3.1 Unaffected Creditors

This Proposal is not being made to Unaffected Creditors and does not impact Unaffected Claims. Unaffected Claims shall be dealt with in accordance with the agreements between the relevant Unaffected Creditor and the Debtor or as otherwise agreed between the relevant Unaffected Creditor and the Debtor.

3.2 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtor shall be comprised of one class, as follows:

Unsecured Creditors

3.3 Preferred Creditors

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Trustee in full in priority to all Proven Unsecured Claims of Ordinary Creditors in accordance with the scheme of distribution set forth in the BIA. For greater certainty, the amounts referred to in Article 1.1(w)(i) shall be paid immediately after the making of the Approval Order and the amount referred to in Article 1.1(w)(ii) shall be paid within six (6) months of the Approval Order or as otherwise agreed.

3.4 Ordinary Creditors

The Proven Unsecured Claims of Ordinary Creditors will be satisfied in accordance with Article VI.

3.5 Different Capacities

Persons who are affected by this Proposal may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person is entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless expressly agreed by the Person in writing or unless its Claims overlap or are otherwise duplicative.

ARTICLE IV

PROCEDURE FOR VALIDATION OF CLAIMS

4.1 Filing of Proofs of Claim

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

4.2 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 claim in accordance with the provisions of the BIA. The Trustee shall have the power and authority to determine the validity of all claims made against the Debtor, including the validity of any security held by Persons claiming to be Secured Creditors of the Debtor.

4.3 Claims Bar Process

Forthwith after the Implementation Date, the Trustee shall give notice pursuant to section 149 of the BIA by registered mail to every person with a claim of which the Trustee has notice or knowledge, but whose claim has not been filed or proved that if such person does not prove his claim within a period of thirty (30) days after the mailing of the notice, the Trustee will proceed to declare a final dividend without regard to such person's claim; the dividend referred to in said notice shall be deemed a final dividend and any person so notified who does not provide his claim within the said thirty (30) days shall be barred from making a claim in this Proposal or sharing in any dividend hereunder, subject to any exceptions set out in sections 149(2)(3) and (4) of the BIA.

ARTICLE V

MEETING OF CREDITORS

5.1 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.

5.2 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 Trustee's notice of meeting to be mailed pursuant to the BIA.

5.3 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, the Secured Creditors 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.

5.4 Adjournment of Meetings

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

5.5 Voting by Unsecured Creditors

To the extent provided for herein, each Unsecured Creditor will be entitled to vote to the extent of the amount which is equal to that Creditor's Proven Unsecured Claim.

5.6 Approval by Creditors

In order that the Proposal be binding on all of the Unsecured Creditors of the Debtor in accordance with the BIA, it must first be accepted by the Unsecured Creditors 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 Unsecured 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.

5.7 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.

Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.

The authority and term of office of the Inspectors will terminate upon the discharge of the Trustee.

5.8 Valuation of Claims

The procedure for valuing Claims of 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 assistance of the Court in valuing the Claim of any Unsecured Creditor, 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 VI

DISTRIBUTION

6.1 Implementation of Proposal

- (a) On the Implementation Date, the Debtor shall pay to the Trustee an amount sufficient to pay the Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors in accordance with Article 3.3 (the "Initial Proceeds"). The Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors shall be paid by the Trustee out of the Initial Proceeds in accordance with Article 3.3;
- (b) Each Ordinary Creditor which, on the Date of Filing, (i) holds Proven Unsecured Claims in an aggregate amount of \$1,500 or less or, (ii) holds Proven Unsecured Claims in an aggregate amount of in excess of \$1,500 and, by providing an Election to Reduce Claim to the Trustee prior to the date which is two Business Days following the making of the Approval Order, reduces the aggregate amount of all such Ordinary Creditor's Proven Unsecured Claims to \$1,500, in either case, will receive in respect of its Proven Unsecured Claims, within ten Business Days after the Implementation Date or as soon thereafter as is practicable, in full and final satisfaction of those Proven Unsecured Claims, a dividend equal to the lesser of:
 - (i) \$1,500; and
 - (ii) The aggregate amount of such Creditor's Proven Unsecured Claims;

In all cases, subject to deduction of the Superintendent's Levy payable in respect thereof.

A Person who receives a payment in accordance with this Article 6.1(b) shall not be entitled to any other payment or consideration with respect to such Person's Proven Unsecured Claims and such Person's Proven Unsecured Claims shall be discharged and extinguished upon such Person's receipt of payment hereunder.

An Ordinary Creditor who, on the Date of Filing, holds Proven Unsecured Claims in the aggregate amount of \$1,500 or less shall be deemed to vote in favour of the Proposal.

- (c) Each Ordinary Creditor who, on the Date of Filing, holds Proven Unsecured Claims in an aggregate amount in excess of \$1,500 and who has not provided to the Trustee an Election to Reduce Claim on or before the date which is two Business Days following the making of the Approval Order shall, within thirty Business Days following the Implementation Date or as soon thereafter as is practicable, receive a certificate (a "Payment Certificate") in an amount equal to the aggregate amount of all its Proven Unsecured Claims, minus a *pro rata* portion of the total amount of the Superintendent's Levy required by the BIA to be paid in respect of all such distributions, in full and final satisfaction of its Proven Unsecured Claims. The Payment Certificate will provide that the holder of the Payment Certificate is entitled to a *pro rata* share of the amount to be distributed by the Debtor in accordance with paragraph (e) below;
- (d) The Trustee shall pay the Superintendent's Levy with respect to the cash dividends paid and distribute to the Superintendent of Bankruptcy a single Payment Certificate for the remaining amount of the Superintendent's Levy required by the BIA, calculated on the assumption that there will be dividends paid in an amount equal to the face amounts of the Payment Certificates;
- (e) Within 180 days of the end of the fiscal years ending in 2015, 2016 and 2017, the Debtor shall distribute to holders of Payment Certificates, on a *pro rata* basis based upon the face amount of the Payment Certificates, an amount equal to their *pro rata* share of a percentage of the Debtor's income after taxes ("Profits")(calculated as set out below and determined pursuant to the Debtor's audited statements) which will be payable without interest, as follows :

Profits for the Year	Percentage to Certificate Holders	Maximum Cumulative Payment to Certificate Holders
\$0 to \$1.5 million	20%	\$300,000

\$1.5 Million to \$2.0 Million	30%	\$450,000
\$2.0 Million to \$2.5 Million	40%	\$650,000
Greater than \$2.5 Million	50%	Balance of outstanding Payment Certificates

Profits shall be calculated in accordance with Canadian accounting standards for private enterprises on the basis of the Debtor's income after tax. For certainty, Profits shall not in any manner reflect any direct benefit Wabi receives as a result of any compromise of any Claim pursuant to this Proposal or pursuant to revised Term Lender obligations. The term of the Payment Certificates shall be 3 years commencing with the 2015 calendar year. The Debtor will make such distributions until the earlier of: (i) the distribution required hereby for the year ended December 31, 2017, or (ii) such time as the amount of the distributions made by the Debtor equals the total face amount of the Payment Certificates issued pursuant hereto. Provided that the Debtor makes all distributions that it is required to make pursuant to this Article 6.1(e), then, even if holders of the Payment Certificates have still not received aggregate payments equal to the total face amount of their Payment Certificates once the payments required to be made hereunder in respect of the 2017 calendar year are made, the Payment Certificates shall be of no further force and effect and the Debtor shall have no further obligation to the holders of the Payment Certificates and the holders of the Payment Certificates shall have no further right or recourse against the Debtor in respect thereof; and

- (f) The debtor shall include with the distributions hereunder a report from a senior officer stating that, in his or her opinion, the computation of the Profits has been made in accordance with paragraph (e).

6.2 Discharge of Trustee

Upon distribution of the amounts payable under Article 6.1(b), the Payment Certificates under Article 6.1(c), and payment of the Administrative Fees and Expenses and the Proven Unsecured Claims of Preferred Creditors, the Trustee shall have discharged its duties as Trustee and the Trustee shall be entitled to apply for its discharge as Trustee hereunder. For greater certainty, the Trustee will not be responsible or liable for any obligations of the Debtor before, on or after the Date of Filing 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 willful or wrongful act or default.

6.3 Certificate of Full Performance

Upon distribution of the amounts payable under Article 6.1(b) and the Payment Certificates, and payment of the Administrative Fees and Expenses and the Proven Unsecured Claims of the Preferred Creditors, this Proposal shall have been fully performed and the Trustee shall issue to the Debtor the certificate referred to in section 65.3 of the BIA.

ARTICLE VII

MISCELLANEOUS

7.1 Compromise Effective for all Purposes

Upon the implementation of this Proposal on the Implementation Date, all Claims other than Unaffected Claims shall be forever discharged and released, excepting only the obligations of the Debtor to make distributions in respect of the Payment Certificates in the manner and to the extent provided for in this Proposal. The distributions contemplated hereunder will be binding upon each Creditor, its heirs, executors, administrators, successors and assigns, for all purposes.

7.2 Modification of Proposal

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

7.3 Consents, Waivers and Agreements

As at 12:01 a.m. on the Implementation Date, each Creditor (other than Unaffected Creditors in respect of Unaffected Claims) shall 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 Creditor and the Debtor that has occurred on or prior to the Implementation 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 Creditor and the Debtor as at the Implementation Date (other than those entered into by the Debtor on, or with effect from, the Implementation 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, judgments, 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 Implementation Date, relating to or arising out of or in connection with Claims, the business and affairs of the Debtor, the Proposal or any of the matters herein.

7.4 Conditions to Proposal Implementation

The Implementation of the Proposal by the Debtor will be conditional upon the fulfillment or satisfaction of the following conditions:

- (a) acceptance of the Proposal by the Unsecured Creditors;
- (b) approval of the Proposal by the Court and the expiry of all appeal periods; and
- (c) approval of a settlement agreement with each of the Term Lenders on terms satisfactory to the Debtor and the Term Lenders.

7.5 Release

Upon the Implementation Date, each and every present and former director of the Debtor shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action that arose on or before the Date of Filing and that relate to the obligation of the Debtor where the directors are by law liable in their capacity as directors for the payment of such obligations, and provided nothing herein shall release or discharge any of the directors from claims that:

- (a) relate to contractual rights of one or more Creditors arising from contracts with one or more directors; or
- (b) are based on allegations of misrepresentation made by directors to Creditors ore of wrongful or oppressive conduct by directors.



This release shall have no force or effect if the Debtor goes bankrupt before the terms of the Proposal are performed.

7.6 Effect of Proposal Generally

As at 12:01 a.m. on the Implementation Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of Creditors (other than in respect of Unaffected Creditors); and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of all Claims (other than Unaffected Claims).

7.7 Sections 95 to 101 of the BIA

Sections 95 to 101 of the BIA shall not apply.

7.8 Notices

Any notices or communications 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, prepaid mail, or fax to the respective parties as follows:

- (a) if to the Debtor:

Wabi Iron & Steel Corp.
P.O. Box 1510, 330 Broadwood Avenue
New Liskeard, Ontario
P0J 1P0

Attention: Jeremy Birnie
Fax: (705) 647-6954

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3C2

Attention: Larry Ellis
Fax: (416) 640-3005

- (b) if to an Unsecured Creditor, to the address or fax 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 address or telecopier

number at which the notifying party may reasonably believe that the Unsecured Creditor may be contacted; and

(c) if to the Trustee:

Richter Advisory Group Inc.
181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, Ontario
M5J 2T3

Attention: Adam Sherman
Fax: (514) 934-8603

or to such other address or fax number 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, telecopier or email 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 telecopier 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 on a non-Business Day, on the next following Business Day and in the case of notice mailed as aforesaid, on the fifth (5th) 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.

7.9 Foreign Currency Obligations

For the 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 Date of Filing.

7.10 Applicable Law

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

7.11 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

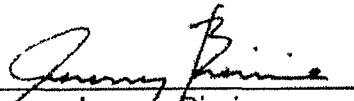
unenforceable for any reason whatsoever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

7.12 Deeming Provisions

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

DATED at the City of New Liskeard, in the Province of Ontario, this 9th day of January, 2015.

WABI IRON & STEEL CORP.

Per: 
Name: Jeremy Birnie
Title: President

SCHEDULE I

ELECTION TO REDUCE CLAIM

TO: RICHTER ADVISORY GROUP INC. ("Richter), in its capacity as Trustee in re the Proposal of Wabi Iron & Steel Corp. ("Wabi")

RE: THE PROPOSAL OF WABI IRON & STEEL CORP. (the "Wabi Proposal")

For use by Unsecured Creditors of Wabi with aggregate Proven Unsecured Claims in excess of \$1,500 who wish to reduce their total Proven Unsecured Claim to \$1,500 and receive a cash payment.

THE UNDERSIGNED CREDITOR with Proven Unsecured Claims against Wabi acknowledges that the total amount of its Proven Unsecured Claims exceeds \$1,500 and hereby:

- (i) reduces the aggregate of the undersigned's Proven Unsecured Claim to \$1,500;
- (ii) releases all other Unsecured Claims of the undersigned;
- (iii) hereby definitive elects to vote in favour of the Proposal and appoints the Proposal Trustee as proxy such that the Proposal Trustee is hereby directed to vote in favour of the Proposal and to take such steps as are necessary to support the Proposal; and
- (iv) elects to receive payment in accordance with Section 6.1(b) rather than Section 6.1(c) of the Wabi Proposal.

Dated this _____ day of January, 2015.

Print name of Unsecured Creditor

Signature of Unsecured Creditor or, if the Unsecured Creditor is a corporation, signature of an authorized signing officer of the corporation

Title of Authorized Signing Officer

THIS ELECTION MUST BE PROVIDED TO THE TRUSTEE SO THAT IT IS RECEIVED BY THE TRUSTEE AT THE FOLLOWING ADDRESS ON OR BEFORE THE DATE WHICH IS TWO (2) BUSINESS DAYS FOLLOWING THE MAKING OF THE APPROVAL ORDER

Richter Advisory Group Inc.
(in its capacity as Trustee in re
the Proposal of Wabi Iron & Steel Corp.)
181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Attention: Adam Sherman
Telephone: (416) 642-4836
Fax: (514) 934-8603

Schedule "B"

PAYMENT CERTIFICATE

ISSUED BY: Wabi Iron & Steel Corp. ("Wabi" or the "Company") pursuant to a Proposal under the *Bankruptcy and Insolvency Act* made January 9, 2015, accepted, by the requisite majorities of creditors on January 30, 2015 and approved by the Superior Court of Justice (Ontario) on March •, 2015 (the "Proposal")

ISSUED TO: [•] (the "Holder")
[Address]

HOLDER'S PROVEN UNSECURED CLAIM: \$•

FACE AMOUNT OF PAYMENT CERTIFICATE: \$• (100% of the Holder's Proven Unsecured Claim, less the Pro Rata Portion (defined below) of the total amount of Superintendent's Levy required to be paid in respect of all Payment Certificates issued (assuming payment in full))(the "Face Amount")

DATE OF ISSUANCE: [April] •, 2015

Distribution Terms

This is one of many Payment Certificates issued by the Company pursuant to the terms of the Proposal.

1. For purposes of this Payment Certificate:
 - a. **"Annual Distributable Profit Pool"** means, in respect of each fiscal year-end, the sum of the following:
 - i. 20% of the first \$1.5 million or less of Profits earned by the Company during that fiscal year;
 - ii. 30% of all Profits earned by the Company during that fiscal year in excess of \$1.5 million, up to and including \$2 million for the fiscal year;
 - iii. 40% of all Profits earned by the Company during that fiscal year in excess of \$2 million, up to and including \$2.5 million for the fiscal year; and
 - iv. 50% of all Profits earned by the Company during that fiscal year in excess of \$2.5 million.

For illustrative purposes only, if the Profits in a fiscal year are \$2.1 million, the Annual Distributable Profit Pool for that fiscal year would be \$490,000. If the Profits in a fiscal year are \$1.7 million, the Annual Distributable Profit Pool would be \$360,000.

- b. **“Profits”** means profits calculated in accordance with Canadian accounting standards for private enterprises on the basis of the Company’s income after tax. For certainty, Profits shall not in any manner reflect any direct benefit Wabi receives as a result of any compromise of any Claim pursuant to this Proposal or pursuant to revised Term Lender obligations.
 - c. **“Pro Rata Portion”** means the fraction created by utilizing the Face Amount of this Payment Certificate as the numerator and the aggregate Face Amounts of all Payment Certificates issued pursuant to the Proposal as denominator.
2. Within 180 days after the end of each fiscal year commencing with the end of the fiscal year 2015 and ending with the fiscal year 2017, the Company shall distribute to the Holder, without interest or any other charge, an amount equal to:

The Pro Rata Portion x the Annual Distributable Profit Pool for that fiscal year

The Holder shall be entitled to distributions from the Company in accordance with the terms hereof and in no event shall the Holder be entitled to receive more in aggregate than the Face Amount set out above in respect of this Payment Certificate.

Additional Terms

- 3. Each year, when a distribution is made by the Company pursuant hereto, it will provide a summary of its calculation of the Annual Distributable Profit Pool and a statement of the aggregate Face Amounts of all Payment Certificates. This information will be accompanied by a report from a senior officer of the Company stating that, in his or her opinion, the computation of the Profits has been made in accordance with paragraph 6.1(e) of the Proposal.
- 4. No amount shall be distributed pursuant to this Payment Certificate in respect of any fiscal year unless there is a positive Profit earned during that fiscal year.
- 5. Even if the Holder has not received the full Face Amount, no further distributions will be made by the Company in respect of the fiscal years after 2017, the Payment Certificates shall be of no further force and effect, and the Holder will have no further rights or recourse hereunder.
- 6. Except as otherwise specifically defined, all capitalized terms herein shall have the meaning ascribed to such term in the Proposal.

7. In the event of a conflict between the terms of this Payment Certificate and the terms of the Proposal, the terms of the Proposal shall govern.
8. Payments hereunder shall be made to the Holder at the address shown on this Payment Certificate unless otherwise agreed by the Company.
9. This Payment Certificate shall be binding upon and enure to the benefit of the Holder and the Company and their respective successors and permitted assigns
10. By accepting this Payment Certificate and each distribution made hereunder, the Holder acknowledges and agrees that the Trustee shall have no liability in respect of this Payment Certificate or the performance by the Company of its obligations hereunder or under the Proposal.
11. This Payment Certificate shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada, applicable therein.

WABI IRON & STEEL CORP.

By: _____
authorized signing officer

Estate Number: 31-1942523

Court File No: 31-1942523

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c. B-3, AS AMENDED

**AND IN THE MATTER OF THE PROPOSAL OF WABI IRON & STEEL CORP., OF THE CITY OF NEW LISKEARD, IN
THE PROVINCE OF ONTARIO**

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceedings commenced in Toronto

ORDER
(Approval of Proposal)

FASKEN MARTINEAU DuMOULIN LLP
333 Bay Street – Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Stuart Brotman (LSUC# 43430D)
Dylan Chochla (LSUC# 62137I)

Tel: 416 366 8381

Fax: 416 364 7813

sbrotman@fasken.com

dchochla@fasken.com

**Lawyers for Richter Advisory Group Inc. in its
capacity as Trustee under the Notice of Intention to
make a Proposal of Wabi Iron & Steel Corp.**

MARCH 2, 2015
Estate Number: 31-1942523
Court File No: 31-1942523

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c. B-3, AS AMENDED

AND IN THE MATTER OF THE PROPOSAL OF WABI IRON & STEEL CORP., OF THE CITY OF NEW LISKEARD, IN
THE PROVINCE OF ONTARIO

March 3, 2015

The terms of the proposal appear
reasonable. It is approved.
Stuart

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

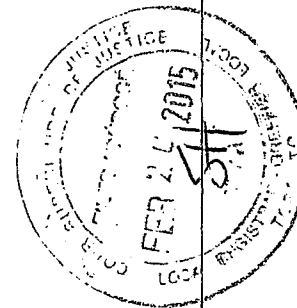
Proceedings commenced in Toronto

MOTION RECORD
(Returnable March 2, 2015)

FASKEN MARTINEAU DuMOULIN LLP
333 Bay Street – Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

Stuart Brotman (LSUC# 43430D)
Dylan Chochla (LSUC# 62137I)

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Lawyers for Richter Advisory Group Inc. in its
capacity as Trustee under the Notice of Intention to
make a Proposal of Wabi Iron & Steel Corp.