NO. B-180585
ESTATE NO. 11-2427899
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
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
BASIN MINE LIMITED PARTNERSHIP

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE	)	WEDNESDAY, THE 19TH DAY
MR. JUSTICE SEWELL	)	OF DECEMBER, 2018

ON THE APPLICATION of Basin Mine Limited Partnership (the "**Debtor**") and Ernst & Young Inc. in its capacity as proposal trustee of BMLP (in such capacity, the "**Proposal Trustee**") coming on for hearing at 800 Smithe Street, Vancouver, British Columbia, on December 19, 2018, and on hearing H. Lance Williams, counsel for BMLP and those other counsel listed on **Schedule "A"** hereto, and on reading the proposal of the Debtor dated November 2, 2018 as approved by the Creditors of the Debtor at a meeting held on November 29, 2018 (the "**Meeting**") and amended December 11, 2018 (the "**Proposal**"), and the report of the Proposal Trustee filed herein;

THIS COURT ORDERS that:

1. the time for service of the Notice of Application herein be and is hereby abridged and the Notice of Application is properly returnable today;

2. capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal;

3. the Proposal, attached as **Schedule "B"** hereto, is approved pursuant to the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

4. the releases set forth in Article 10 of the Proposal are hereby confirmed and subject to the Debtor meeting its obligations to the Creditors under the Proposal, the Debtor and its directors and officers are hereby released and discharged from all Claims of the Creditors that arose before the Filing Date and that relate to the obligations of the Debtor prior to the Filing Date pursuant to the terms of the Proposal;

5. the Proposal Trustee is hereby authorized and directed to take all actions and steps necessary or appropriate to implement and complete the Proposal, including authorization and direction to make all payments and distributions required to be made pursuant to the Proposal;

6. this Order shall have full force and effect in all provinces and territories of Canada and abroad and as against all persons against whom it may otherwise be enforceable; and

7. endorsement of this Order by counsel appearing, other than counsel for the Debtor, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for Basin Mine Partnership Limited
Cassels Brock & Blackwell LLP
(H. Lance Williams)

BY THE COURT

R. Duell J.

REGISTRAR-IN-BANKRUPTCY

CHECKED

SCHEDULE "A"

Counsel List	
Name	**Party Represented**
N/L	

SCHEDULE "B"

PROPOSAL

NO. B-180585
ESTATE NO. 11-2427899
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF BASIN MINE LIMITED PARTNERSHIP

PROPOSAL

November 2, 2018

Amended December 11, 2018

Basin Mine Limited Partnership (the "**Debtor**"), hereby submits the following Proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

ARTICLE 1 DEFINITIONS

1.1 Definitions

In this Proposal, capitalized terms shall have the meanings set out in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended, save and except for the terms and definitions set out below:

(a) "**Act**" means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;

(b) "**Asset Purchase Agreement**" means the asset purchase agreement dated October 3, 2018 between the Debtor and Pioneer Sand and Gravel Ltd.;

(c) "**Administrative Fees and Expenses**" means:

(i) the proper fees and expenses of the Proposal Trustee including its legal fees and disbursements; and

(ii) the legal and consulting fees and disbursements of the Debtor incurred on or incidental to negotiations in connection with these proposal proceedings and the preparation of the Proposal and the transactions and agreements contemplated hereby;

(d) "**BIA**" means *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended;

(e) "**Callidus**" means Callidus Capital Corp.;

(f) "**Canada Pension Plan**" means the *Canada Pension Plan*, R.S.C. 1985, c C-8, as amended;

(g) "**Claim**" means collectively, each of the following:

(i) any right or claim 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 NOI Date or which is

(A) based on an event, act or omission which occurred in whole or in part prior to the NOI Date, or

(B) with respect to any agreements of the Debtor that have been disclaimed, repudiated or terminated after the NOI Date, based on such disclaimer, repudiation or termination,

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 directly or which indirectly may result in a claim for contribution or indemnity or otherwise being made against the Debtor with respect to any matter, action, cause or chose in action, whether existing at present or commenced in future based in whole or in part on facts which exist prior to or at the NOI Date or, with respect to any agreements of the Debtor, that have been disclaimed, repudiated or terminated after the NOI Date, based in whole or in part on facts which exist prior to or at the time of such disclaimer, repudiation or termination; and

(ii) any right or claim of any Person against one or more of the Directors or Officers that relates to any Claim against the Debtor howsoever arising for which the Directors or Officers are by applicable law liable to pay in their capacity as Directors or Officers or in any other capacity, which shall exclude any Claims against Directors that cannot be compromised due to the provisions of Section 50(14) of the BIA;

(h) "**Claims Bar Date**" has the meaning given to it in Article 4.1;

(i) "**Court**" means the Supreme Court of British Columbia in bankruptcy and insolvency and shall have such extended meaning as is set out in section 2 of the Act;

(j) "**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;

(k) "**Creditors' Meeting**" means the meeting of the Creditors called for the purpose of considering and voting in respect of this Proposal;

(l) "**Crown**" means Her Majesty in right of Canada or a province;

(m) "**Court Approval Date**" means the date on which the Court finally and conclusively approves this Proposal;

(n) "**Debtor**" means Basin Mine Limited Partnership;

(o) "**Director(s)**" means any person or persons who are, have previously been, or in future may be directors of the Debtor, including but not limited to those persons who, in the past, present or future:

(i) have or will act in the capacity of director of the Debtor, with or without being so named; or

(ii) have or will perform the functions of a director of the Debtor, with or without being so named; or

(iii) have been, are or may in future be deemed, *de facto*, acting, substitute or effective directors of the Debtor; or

(iv) have been, are or will be persons subject to director's statutory liabilities arising from any statute, act or regulation of Canada;

(p) "**Effective Date**" means 3 business days after the date on which the Proposal Approval Order becomes final, or such later date as the Debtor requests and the Proposal Trustee approves;

(q) "**Employment Insurance Act**" means the *Employment Insurance Act*, S.C. 1996, c. 23

(r) "**Income Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp), as amended;

(s) "**Inter-corporate Creditors**" mean Arthon Industries Limited, Arthon Constructors Corp. and Sandhill Equipment Corp.;

(t) "**Lien**" means, with respect to any interest in property of the Debtor, any mortgage, lien, pledge, charge, security interest, or encumbrance of any kind whatsoever, under, affecting such interest in property;

(u) "**NOI Date**" means October 3, 2018, the date on which the Notice of Intention to Make a Proposal was filed by the Debtor pursuant to the provisions of the Act;

(v) "**Notice of Final Dividend**" means the notice made pursuant to Section 149 of the BIA to be sent by the Proposal Trustee to all known Persons having a Claim that have not yet filed a Proof of Claim with the Trustee, advising such Creditors that if their Claims are not proven within a period of 30 days after the sending of the notice, the Proposal Trustee will proceed to declare a dividend or final dividend without regard to that Creditor's Claim;

(w) "**Officer(s)**" means any person or persons who are, have previously been, or in future may be officers of the Debtor, including but not limited to those persons who, in the past, present or future:

(i) have or will act in the capacity of officer of the Debtor, with or without being so named; or

(ii) have or will perform the functions of an officer of the Debtor, with or without being so named; or

(iii) have been, are or may in future be deemed, *de facto*, acting, substitute or effective officers of the Debtor; or

(iv) have been, are or will be persons subject to officer's statutory liabilities arising from any statute, act or regulation of Canada;

(x) "**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;

(y) "**Preferred Creditors**" means Creditors with Proven Unsecured Claims which are required by the Act to be paid in priority to all other Claims under a proposal by a debtor (but only in respect and to the extent of such Proven Unsecured Claims) 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 Act on the NOI Date, 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 salespersons, disbursements properly incurred by those salespersons in and about the Debtor's businesses during the same period;

(ii) Her Majesty in Right of Canada or a Province for all amounts that were outstanding at the NOI Date 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 provisions 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 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:

(I) 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

(II) 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;

(z) "**Preferred Claims**" means the Claims of the Preferred Creditors;

(aa) "**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;

(bb) "**Proposal**" means this Proposal dated November 2, 2018 made pursuant to the Act, as further amended or supplemented from time to time;

(cc) "**Proposal Approval Order**" means the Order of the Court approving this Proposal, substantially in the form attached hereto as Schedule "1", subject to any amendments as agreed to by the Debtor and the Proposal Trustee;

(dd) "**Proposal Fund**" means the purchase price under the Asset Purchase Agreement provided however that the Proposal Fund shall not exceed the amount of $200,000;

(ee) "**Proposal Trustee** means Ernst & Young Inc.;

(ff) "**Proposal Trustee's Website**" means http://www.ey.com/ca/basinmine;

(gg) "**Proposed Assessed Value**" means, in accordance with Section 50.1 of the Act, for each Secured Creditor, the amount set out on Schedule "2" hereto beside such Secured Creditor's name, being the amount determined by the Proposal Trustee to represent the expected recovery from the assets of the Debtor by the Secured Creditor if the assets of the Debtor had been liquidated in the bankruptcy as of the date of this Proposal, or as otherwise determined by the Court in accordance with Section 50.1(4) of the Act;

(hh) "**Proven Claim**" means the amount of the Claim of any Creditor finally determined in accordance with the provisions of the Act;

(ii) "**Proven Secured Claim**" of a Secured Creditor means the amount of the Claim of such Secured Creditor finally determined in accordance with the provisions of the Act, being the lesser of (i) the amount of the Proven Claim of such Secured Creditor; or (ii) the Proposed Assessed Value of such Secured Creditor;

(jj) "**Proven Unsecured Claim**" of an Unsecured Creditor means the amount of the Claim of such Unsecured Creditor finally determined in accordance with the provisions of the Act and for a Secured Creditor means the amount if any by which the Proven Claim of such Secured Creditor exceeds the Proposed Assessed Value of such Secured Creditor;

(kk) "**Releasee**" means each and every Director and Officer of the Debtor;

(ll) "**Secured Creditor**" means any person or persons holding a valid mortgage, hypothec, pledge, charge, lien or privilege on or against any property of any person or persons as security for a Claim or a person whose Claim is based upon, or secured by a negotiable instrument held as collateral security upon which the Debtor is only indirectly or secondarily liable, but excluding the Secured Creditors with respect to their Proven Unsecured Claim (if any);

(mm) "**Secured Claim**" means the Claim of a Secured Creditor;

(nn) "**Statutory Amount**" means the amount owing by the Debtor to a former employee of the Debtor for such former employee's Claims related to termination and severance of employment as calculated based solely on the minimum entitlements established by the *Employment Standards Act* (British Columbia) or the equivalent employment standards legislation of the province in which such former employee was employed, provided such amount shall be agreed upon by the Debtor and the Proposal Trustee or otherwise determined by the Court;

(oo) "**Superintendant's Levy**" means the levy exigible on certain amounts distributed by the Proposal Trustee under this Proposal in accordance with Section 147 of the BIA;

(pp) "**Surrendered Secured Claim**" means the Claim of a Surrendered Secured Creditor;

(qq) "**Surrendered Secured Creditors**" mean the Inter-corporate Creditors;

(rr) "**Unsecured Claim**" means the Claim of an Unsecured Creditor;

(ss) "**Unsecured Creditors**" means, collectively:

(i) the Creditors who are not Secured Creditors; and

(ii) the Surrendered Secured Creditors.

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 hereto. 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 Vancouver, British Columbia, Canada unless otherwise stipulated. Where the time for anything pursuant to the Proposal on a particular date is unspecified the time shall be deemed to be 5:00 pm local time in Vancouver, British Columbia, 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 Successor and Assigns

The Proposal will be binding on 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 2
GENERAL INTENT

2.1 Purpose of Proposal

Pursuant to an order of the Court pronounced on October 5, 2018, the Court approved the Asset Purchase Agreement pursuant to which the assets of the Debtor were sold to Pioneer Sand and Gravel Ltd. The purpose of this Proposal is to use the proceeds of sale obtained under the Asset Purchase Agreement to effect a compromise of the Claims of the Creditors of the Debtor, including statutory claims against Directors, in accordance with subsections 50(13) to 50(15) of the Act, in the expectation that Creditors will derive a greater benefit from a Proposal to Creditors than would result from a bankruptcy.

Notwithstanding the terms and conditions of all arrangements or other arrangements with creditors entered into before the NOI Date, for so long as an event of default in the Proposal has not occurred, or if it has occurred, has been waived or cured, all such agreements or other arrangements will be deemed to be amended to the extent necessary to give effect to all the terms and conditions of this Proposal. In the event of any conflict or inconsistency between the terms of such agreements or arrangements and the terms of this Proposal, the terms of this Proposal will govern.

2.2 Persons Affected

This Proposal will, as of the Effective Date, be binding on the Debtor and on all Creditors, including the Crown, to whom this Proposal is made.

2.3 Surrender of Secured Claims

In order to facilitate this Proposal, the Surrendered Secured Creditors have agreed to surrender the security underlying the Surrendered Secured Claims to the Proposal Trustee for the general benefit of Creditors. The Surrendered Secured Creditors agree to not make a claim as an Unsecured Creditor under this Proposal.

2.4 Callidus

In order to provide an enhanced recovery to the Unsecured Creditors, Callidus agrees for the purposes of this Proposal only, and contingent on the pronouncement of the Proposal Approval Order:

(a) to accept the Proposed Assessed Value of its Secured Claim, provided that no other Secured Creditor successfully challenges the Proposed Assessed Value assigned to it; and

(b) to submit a Proof of Claim for its Proven Unsecured Claim for the lesser of:

  (i) the full amount of its Claim (less its Secured Claim); and

  (ii) 2/3 of the aggregate Proven Unsecured Claims (inclusive of the Proven Unsecured Claim of Callidus), provided there is more than one Proven Unsecured Claim at the date of the Creditors' Meeting.

For greater certainty, in the event a Secured Creditor successfully alters the Proposed Assessed Value attributed to the security held by it, Callidus shall be entitled to seek the amendment of the Proposed Assessed Value attributable to its security in accordance with the Act, and to amend its Secured Claim accordingly.

2.5 Assets Remain Vested In Debtor

Other than the Proposal Fund, the assets of the Debtor shall not vest in the Proposal Trustee, but shall, remain vested in the Debtor and the Proposal Trustee shall have no liability whatsoever for the Claims arising before, on or after the NOI Date.

ARTICLE 3
CLASSIFICATION AND TREATMENT OF CREDITORS

3.1 Secured Creditors

Each Secured Creditor shall be paid the full amount of their Proven Secured Claim from the Proposal Fund.

3.2 Classes of Creditors

For the purposes of voting on the Proposal, the Creditors of the Debtors shall be comprised of two classes, as follows:

(a) Secured Creditors; and

(b) Unsecured Creditors.

3.3 Preferred Creditors

The Proven Unsecured Claims of the Preferred Creditors are to be paid by the Debtors in full in priority to all other Proven Unsecured Claims in accordance with the scheme of distribution set forth in the Act.

Unsecured Creditors

The Proven Unsecured Claims will be satisfied in accordance with Article 9 herein.

3.4 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 4
PROCEDURE FOR VALIDATION OF CLAIMS

4.1 Filing of Proofs of Claim

In order to vote on, or to receive a distribution under, the Proposal, each Creditor shall file a Proof of Claim in accordance with the Act and as instructed in the Proposal Trustee's mailing to the Creditors with respect to the Proposal.

However, to be eligible to receive a distribution in accordance with Article 9.2 herein, Creditors must have filed a Proof of Claim such that it is actually received by the Proposal Trustee in accordance with the Act and by no later than 30 days from the date on which the Proposal Trustee delivers the Notice of Final Dividend (the "**Claims Bar Date**").

Creditors that fail to file their Proof of Claim with the Proposal Trustee before 5:00 p.m. PT on the Claims Bar Date will not be eligible for participation in the proposed distribution from the Proposal Fund and their Claims will be forever barred as against the Debtor.

4.2 Valuing Claims

Upon receipt of a completed Proof of Claim, the Proposal Trustee shall examine the Proof of Claim and shall deal with each claim in accordance with the provisions of the Act. The procedure for valuing Claims of the Creditors and resolving disputes with respect to such Claims will be as set forth in the Act and in this Proposal. The Debtor and/or Proposal Trustee reserves the right to seek the assistance of the Court in valuing the Claim of any Creditor, if required, to ascertain the result of any vote on the Proposal or the amount payable or to be distributed to such Creditor under the Proposal, as the case may be.

4.3 Set Off

The law of set-off shall be applied to all Claims.

ARTICLE 5
MEETING OF CREDITORS

5.1 Creditors' Meeting

The Proposal Trustee shall hold a meeting of the Secured Creditors and the Unsecured Creditors in order for the Secured Creditors and the Unsecured Creditors to consider and vote upon the Proposal.

5.2 Time and Place of Creditors' Meeting

Unless otherwise ordered by the Court, the meeting of the Secured Creditors and the Unsecured Creditors shall be held at a time and place to be established by the Official Receiver, or the nominee thereof, and confirmed in the Proposal Trustee's notice of meeting to be mailed pursuant to the Act.

5.3 Conduct of Creditors' Meeting

The Official Receiver or the nominee thereof, shall preside as the chair of the meeting of the Creditors and will decide all matters relating to the conduct of the meeting. The only Persons entitled to attend the meeting of Creditors are those Persons, including the holders of proxies, entitled to vote at the meeting, and their respective legal counsel, if any, and the officers, directors, auditors and legal counsel of the Debtor, together with such representatives of the Proposal Trustee as the Proposal 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 meeting only.

5.4 Adjournment of Creditors' Meeting

Meetings of the Creditors may be adjourned in accordance with Section 52 of the Act.

5.5 Voting by Creditors

To the extent provided for herein, each Secured Creditor and each Unsecured Creditor will, respectively, be entitled to vote to the extent of the amount that is equal to their respective Proven Secured Claim and Proven Unsecured Claim.

5.6 Approval by Creditors

In order that the Proposal be binding on all of the Secured Creditors and the Unsecured Creditors of the Debtors in accordance with the Act, it must first be accepted by each of the Proven Secured Creditors and the Proven Unsecured Creditors by a majority in number of each of the Proven Secured Creditors and the Proven Unsecured Creditors (as applicable) who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors, representing two-thirds in value of the Proven Secured Claims of the Proven Secured Creditors and the Proven Unsecured Claims of the Proven Unsecured Creditors (as applicable) who actually vote upon the Proposal (in person or by proxy or by voting letter) at the meeting of Creditors.

5.7 Appointment of Inspectors

At the Creditors' Meeting, the Creditors may appoint up to five Inspector(s) whose powers will be limited to:

(a) advising the Proposal Trustee concerning any dispute which may arise as to the validity of Claims, and

(b) advising the Proposal Trustee from time to time with respect to any other matter that the Proposal Trustee may refer to them.

Any decision, direction or act of the Inspector(s) may be referred to the Court by the Proposal 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 Inspector(s) will terminate upon the discharge of the Proposal Trustee or such earlier time if the inspector resigns by notifying the Proposal Trustee of such resignation in writing.

ARTICLE 6
PAYMENT OF ADMINISTRATION FEES AND EXPENSES

6.1 Payment of Administrative Fees and Expenses for this Proposal shall be paid under the terms of this Proposal from the Proposal Fund.

ARTICLE 7
CONDITIONS PRECEDENT

7.1 The performance of this Proposal by the Debtor shall be conditional upon the fulfillment or satisfaction of the following conditions:

(a) the acceptance of this Proposal by the Secured Creditors and the Unsecured Creditors;

(b) the Proposal Approval Order being entered and not having been appealed, set aside, varied or stayed.

ARTICLE 8
EVENTS OF DEFAULT

8.1 The non-fulfillment or satisfaction of any conditions precedent in Article 7 shall constitute a default under the Proposal for the purposes of section 62.1 of the Act and otherwise under this Proposal.

8.2 In the event that this Proposal shall be annulled, any costs of this Proposal and the Proposal Trustee shall be paid out of the bankruptcy estate of the Debtor in priority to all other Claims against the Debtor.

ARTICLE 9
PROPOSAL TO CREDITORS

9.1 The amount to be paid to the Creditors on account of their Proven Claims shall be as set out in this Article. The Creditors shall accept the amounts set out herein in full satisfaction of their Claim and the Creditors shall have no other recourse to any other property of the Debtor or against the Debtor otherwise.

9.2 The Proposal Trustee will remit payments (less the *pro rata* portion of the total amount of the Superintendent's Levy required by the Act to be paid in respect of such payments) to the Creditors from the Proposal Fund in the following manner and order of priority:

(a) First, to the Proven Secured Claims of the Proven Secured Creditors in accordance with Article 3.1 of this Proposal;

(b) Second, to the Proven Unsecured Claims of the Preferred Creditors, without interest, to be paid in full in accordance with the provisions of Article 3.3 of this Proposal. The Proven Unsecured Claims under subsection 224(1.2) of the *Income Tax Act* or similar act and legislation will be paid within six (6) months after the Court Approval Date; and

(c) Third, to the remaining Unsecured Creditors having Proven Unsecured Claims, their *pro rata* share of the Proposal Fund after the payment of all other amounts in this Article 9.2.

ARTICLE 10
RELEASE OF CLAIMS AND SECTIONS 95-101 OF THE ACT

10.1 Upon implementation of this Proposal on the Effective Date, each Releasee shall be released from any and all demands, claims, debts, judgments, liens and other recoveries on account of any potential, contingent or actual statutory liability of whatsoever nature which any person may be entitled to assert against such Releasee as at the NOI Date, including without limitation, any and all Claims howsoever related to any obligations of the Debtor where the Director(s) or Officer(s) are or may be liable at law in their capacity as Director(s) or Officer(s) for the payment of such obligations, whether known or unknown, existing or hereafter arising, based in whole or in part on any act of omission, transaction, dealing or other occurrence existing or taking place prior to the NOI Date or, with respect to any agreements of the Debtor that have been disclaimed, repudiated or terminated after the NOI Date in whole or in part which exist prior to or at the time of such disclaimer, repudiation or termination.

10.2 Notwithstanding Article 10.1, nothing in this Proposal shall release or discharge any of the Directors from the exceptions set out in Section 50(14) of the Act and Article 10.1 shall be strictly interpreted so that it complies with Section 50(13) of the Act.

10.3 Any release contemplated in Article 10.1 shall not be obtained or be valid in case of any uncured default in the performance of this Proposal.

10.4 Sections 95 to 101 of the Act and any provincial statute relating to preference, settlement, fraudulent conveyance or the like shall not apply to any dealings by the Debtor during the period prior to the NOI Date. The release of the Releasees contemplated in this Article 10 shall include a release of all claims, actions and remedies available pursuant to Sections 95 to 101 of the Act and any provincial statute related to preference, settlement, fraudulent conveyance or the like.

ARTICLE 11
PROPOSAL TRUSTEE

11.1 Ernst & Young Inc., corporate trustee, and not in its personal capacity, shall be the Proposal Trustee under this Proposal and all monies payable under this Proposal shall be paid over to the Proposal Trustee who shall make payment of all distributions in accordance with the terms of this Proposal.

11.2 Any payments made by the Proposal Trustee to the Creditors hereunder shall be made by the Proposal Trustee net of any levies payable or due under the Act.

11.3 The Proposal Trustee is acting in its capacity as Proposal Trustee and not in its personal capacity and no officer, director, employee or agent of the Proposal Trustee shall incur any obligations or liabilities in connection with this Proposal or in respect of the business activities or liabilities of the Debtor.

11.4 The Proposal Trustee shall have no liability whatsoever for the Claims arising before, on or after the NOI Date.

ARTICLE 12
FULL PERFORMANCE OF PROPOSAL

12.1 All obligations of the Debtor under this Proposal will commence as of the Effective Date. This Proposal will be fully performed upon the Debtor executing an irrevocable assignment of the proceeds of the Asset Purchase Agreement in favour of the Proposal Trustee.

12.2 When the Proposal has been fully performed by the Debtor, the Proposal Trustee will issue to the Debtor and the Official Receiver the Certificate of Full Performance as provided for in Section 65.3 of the Act.

12.3 During the currency of this Proposal and until the Certificate of Full Performance referred to in Article 12.2 is issued by the Proposal Trustee, the Debtor shall not merge, amalgamate, rollover or otherwise change or reorganize its corporate structure, without the approval of the Inspectors, unless the new or successor entity agrees to be bound by all terms and conditions of this Proposal.

12.4 Upon the issuance of the Certificate of Full Performance:

(a) all Liens shall be terminated, null and void, and be of no effect; and

(b) all Persons shall be deemed to have waived any and all defaults of the Debtor then existing or previously committed by the Debtor or caused by the Debtor, directly or indirectly, or non-compliance with any covenant, positive or negative, pledge, warranty, representation, term, provision, condition or obligation, express or implied, in any contract, credit document, purchase order, agreement for sale, lease or other agreement, written or oral, and any and all amendments or supplements thereto, existing between such Person and the Debtor arising from the filing by the Debtor of a notice of intention to make a proposal under the Act, the filing of this Proposal, or the transactions contemplated by this Proposal.

12.5 The provisions of this Proposal will be binding on the Creditors of the Debtor, and their respective heirs, executors, administrators, successors and assigns.

ARTICLE 13
AMENDMENT OF PROPOSAL

13.1 The Debtor may at the Creditors' Meeting and at any time and from time to time, vary, amend, modify or supplement this Proposal with the consent of the Proposal Trustee and Callidus.

13.2 The Debtor reserves the right to amend, restate, modify and/or supplement this Proposal at any time and from time to time, provided that (except as provided in subsection (c) below) any such amendment, restatement, modification or supplement must be contained in a written document that is (A) filed with the Court and, if made following the Creditors' Meeting, approved by the Court, and (B) approved by the Proposal Trustee and Callidus, and communicated to the Creditors in the manner required by the Court (if so required):

(i) if made prior to or at the Creditors' Meeting: (A) the Official Receiver or the nominee thereof shall communicate the details of any such amendment, restatement, modification and/or supplement to Creditors and other Persons present at the Creditors' Meeting prior to any vote being taken at the Creditors' Meeting; (B) the Debtor shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court forthwith and in any event prior to the Court hearing in respect of the Proposal Approval Order; and (C) the Proposal Trustee shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Proposal Trustee's Website forthwith and in any event prior to the Court hearing in respect of the Proposal Approval Order;

(ii) if made following the Creditors' Meeting: (A) the Debtor shall provide notice to the service list of any such amendment, restatement, modification and/or supplement and shall file a copy thereof with the Court; (B) the Proposal Trustee shall post an electronic copy of such amendment, restatement, modification and/or supplement on the Proposal Trustee's Website; and (C) such amendment, restatement, modification and/or supplement shall require the approval of the Court following notice to the service list.

13.3 Any amendment, modification or supplement to this Proposal may be proposed by the Debtor with the consent of the Proposal Trustee and Callidus at any time prior to or at the Creditors' Meeting, with or without any prior notice or communication, and if so proposed and affected at the Creditors' Meeting, shall become part of this Proposal for all purposes.

13.4 Any amendment, modification or supplement to this Proposal may be made following the Creditors' Meeting by the Debtor, with the consent of the Proposal Trustee and any Inspectors, without requiring filing with, or approval of, the Court, provided that it concerns a matter which is of an administrative nature and is required to better give effect to the implementation of this Proposal and is not adverse to the financial interests of Callidus or any Creditors.

[*Signature page follows*]

DATED this __ day of November, 2018.

BASIN MINE LIMITED PARTNERSHIP, by its general partner **1025194 B.C. LTD.**

____

Name:
Office:

The provisions of Article 2.4 hereof are hereby acknowledged and agreed to by:

CALLIDUS CAPITAL CORP.

____

Name:
Office:

SCHEDULE 1

NO. B-180585
ESTATE NO. 11-2427899
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
BASIN MINE LIMITED PARTNERSHIP

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE	)	__________DAY, THE ______ DAY
JUSTICE ______________________	)	OF _____________________, 2018

ON THE APPLICATION of Basin Mine Limited Partnership ("**Basin Mine**") and Ernst & Young Inc. in its capacity as proposal trustee of Basin Mine (the "**Proposal Trustee**"), coming on for hearing at Vancouver, British Columbia at ● a.m. on ●, 2018; AND ON HEARING H. Lance Williams, counsel for Basin Mine, and those other counsel listed on **Schedule "A"** hereto; AND ON READING the Second Report of the Proposal Trustee (the "**Second Report**");

THIS COURT ORDERS THAT:

Service

1. The time and method of service of the notice of application be and is hereby abridged and validated and that the application is properly returnable today.

Approval of the Second Report

2. The Second Report, and activities of the Proposal Trustee as set out therein, be and are hereby approved.

Approval of Proposal

3. All capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal.

4. The Proposal, filed by Basin Mine with the Office of the Superintendent of Bankruptcy on ●, 2018, which was accepted by the requisite majorities of creditors, a copy of which is attached as **Schedule "B"** (the "**Proposal**"), be and is hereby approved.

5. As of the filing of a Certificate of Full Performance pursuant to the Proposal (i) the Proposal and all associated steps, compromises, settlements, satisfactions, releases, discharges, transactions and arrangements set out therein are approved, binding and effective in accordance with the provisions of the Proposal and the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended (the "**BIA**"); and (ii) the treatment of all Claims under the Proposal, shall be final and binding for all purposes and inure to the benefit of Basin Mine, the Creditors, the Releasees and all other Persons named or referred to in the Proposal or their respective heirs, executors, administrators and other legal representatives, successors and assigns.

6. Pursuant to and in accordance with the Proposal, on the filing of a Certificate of Full Performance pursuant to the Proposal: (i) Claims of whatever nature with respect to or in connection with or relating to any and all Claims shall be forever compromised, settled, satisfied, released and discharged as against Basin Mine and the Releasees; and (ii) the ability of any Person to proceed against Basin Mine or any property in relation to a Claim shall be forever discharged and restrained.

7. Basin Mine is authorized and directed to take all actions necessary or appropriate to enter into, adopt, execute, deliver, implement and consummate all matters contemplated under the Proposal and all agreements, transactions and documents contemplated by the Proposal.

8. 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 and distribution to Creditors thereunder.

9. The Proposal Trustee and Basin Mine may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

____
Signature of lawyer for Basin Mine
Limited Partnership
Cassels Brock & Blackwell LLP
(H. Lance Williams)

BY THE COURT

____
REGISTRAR IN BANKRUPTCY

SCHEDULE "A"

LIST OF COUNSEL

NAME	PARTY REPRESENTED

SCHEDULE "B"

PROPOSAL

SCHEDULE “2”
PROPOSED ASSESSED VALUE

Secured Creditor	Proposed Assessed Value
Callidus	$120,000.00
All Secured Creditors other than Callidus	$0.00

NO. B-180585
ESTATE NO. 11-2427899
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
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
BASIN MINE LIMITED PARTNERSHIP

ORDER MADE AFTER APPLICATION

Cassels Brock & Blackwell LLP
2200 HSBC Building
885 West Georgia Street
Vancouver, BC V6C 3E8

Tel. No. 604.691.6112
Fax No. 604.691.6120

File No. 50706-1 LW/dm