BANKRUPTCY ESTATE / COURT FILE NUMBER	24-2625289
COURT	COURT OF QUEEN'S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, RSC 1985 c.B-3, as amended
	AND IN THE MATTER OF THE BANKRUPTCY OF CANADIAN HUMALITE INTERNATIONAL INC.
APPLICANTS	ERNST & YOUNG INC., TRUSTEE
DOCUMENT	**ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Sharek Logan & van Leenen LLP Barristers & Solicitors 2100, 10060 Jasper Avenue NW Edmonton, Alberta, T5J 3R8 Phone: 780.413.3100 File: 15378/DA Lawyers: David Archibold

BANKRUPTCY AND INSOLVENCY
FILED
JUN 10 2020
EDMONTON
FAILLITE ET INSOLVABILITE

I hereby certify this to be a true copy of the original.

for Registrar in Bankruptcy

DATE ON WHICH ORDER WAS PRONOUNCED:	**JUNE 5, 2020**
NAME OF JUSTICE WHO MADE THIS ORDER:	**JUSTICE** Graesser
LOCATION OF HEARING:	**EDMONTON, ALBERTA, CANADA**

UPON THE APPLICATION of the Applicant, ERNST & YOUNG INC. in their capacity as Licenced Insolvency Trustee of the Bankrupt CANADIAN HUMALITE INTERNATIONAL INC. ("**CHI**") by way of electronic hearing; **AND UPON** having heard representations of the counsel for the Applicant and Counsel for the Proposal Sponsor, Black Earth Products Inc.; **AND UPON** the Court being satisfied that the required majority of creditors have duly accepted the Proposal; **AND UPON** the Court being satisfied that the terms of the Proposal are reasonable and calculated to benefit the general body of creditors; **AND UPON** reviewing the Trustee's Report on Proposal dated May 20, 2020; **AND UPON** having reviewed the proposal accepted by the creditors and the Court, being Schedule "A" to this Order (the "**Proposal**");

1. Service of this Application is abridged and deemed good and sufficient in the manner advised and this Application is properly returnable today by electronic hearing.

2. Capitalized terms not otherwise defined in this Order shall have the meanings ascribed to them in the Proposal.

3.. The Proposal in bankruptcy of CHI is hereby approved and upon the Implementation Date the Proposal and all associated steps, compromises, settlements, satisfactions, releases, discharges, transactions and arrangements effected thereby are approved and shall be binding and effective on all Persons affected thereby in accordance with the terms of the Proposal.

4. The bankruptcy of CHI shall be automatically annulled effective the Annulment Date.

5. The Reorganization, as described in Article 8 of the Proposal, is hereby approved pursuant to section 192(1)(b) of the *Business Corporations Act* RSA 2000, c B-9 (the "**ABCA**") and sections 59(4) and 66(1.4) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and shall occur together will all steps contemplated thereby as at the Implementation Date in accordance with the terms of the Proposal.

6. CHI, the Proposal Trustee, and the Proposal Sponsor are hereby authorized to and shall take all steps and actions necessary or appropriate to implement the Proposal and Reorganization in accordance with the terms of the Proposal and the ABCA including, without limitation, by sending Articles of Reorganization substantially in the form attached as Schedule "B" to this Order to the Registrar (as envisaged by section 192(4) of the ABCA in order to obtain from the Registrar the Certificate. The Registrar is hereby requested to make such orders and to provide such assistance to CHI, the Proposal Trustee, and the Proposal Sponsor as may be necessary or desirable to give effect to this Order and to assist in carrying out the terms of the Reorganization.

Justice in Commercial Chambers, Court of Queen's Bench of Alberta in Bankruptcy & Insolvency

Graesser J

SCHEDULE "A" TO ORDER
PROPOSAL

District of: Alberta
Division No. 01-Edmonton
Court No.: 24-2625289
Estate No.: 24-2625289

ALBERTA
COURT OF QUEEN'S BENCH
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
CANADIAN HUMALITE INTERNATIONAL INC.

PROPOSAL

ARTICLE 1
BACKGROUND

1. Canadian Humalite International Inc. (**"CHI"**) is a manufacturer and global supplier of specialty humics with a head office in Edmonton, Alberta and a production centre in Halkirk, Alberta.

2. CHI is insolvent in that it is unable to meet its liabilities generally as they become due and its assets are significantly less than the amount of its liabilities.

3. On March 3, 2020, CHI made a voluntary assignment of its property to a trustee in bankruptcy pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the **"BIA"**) for the benefit of its creditors generally (the **"BIA Proceedings"**).

4. The Trustee hereby submits this proposal (the **"Proposal"**) under Part III, Division I of the BIA, including a reorganization of its share capital under section 192 of the *Business Corporations Act*, RSA, c B-9 (the **"ABCA"**).

ARTICLE 2
INTERPRETATION

Defined Terms

5. In this Proposal, capitalized terms have the meanings given to them in Schedule "A" to this Proposal.

Headings

6. The division of this Proposal into parts, paragraphs, and subparagraphs, and the insertion of headings, is for convenience of reference only and is not to affect the construction or interpretation of this Proposal.

Numbers

7. In this 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.

Date for Action

8. In the event that any date on which any action is required to be taken under this Proposal is not a Business Day, such action will be required to be taken on the next succeeding day that is a Business Day.

Time

9. All times expressed in this Proposal are in local time in Edmonton, Alberta, Canada unless otherwise stipulated. Where the time for anything pursuant to this Proposal on a particular date is unspecified, the time shall be deemed to be 5:00 p.m. local time in Edmonton, Alberta, Canada.

Successors and Assigns

10. This Proposal will be binding upon and will enure to the benefit of all Persons named or referred to in this Proposal including, without limitation, all Creditors and Existing Shareholders and their respective heirs, estate administrators, personal representatives, successors and assigns as the case may be.

ARTICLE 3
PURPOSE AND EFFECT OF THIS PROPOSAL

Purpose of the Proposal

11. The purpose of this Proposal is to effect a proposal concerning the obligations of CHI and the reorganization of its capital structure in order to enable the business of CHI to continue, in the expectation that all stakeholders of CHI, including its Creditors, will derive a greater benefit from its continued operations than would result from the forced liquidation of its Property.

Effect of the Proposal

12. On and after the Implementation Date, this Proposal will become effective and, subject to the fulfilment by CHI and the Proposal Sponsor of their respective obligations under this Proposal, shall be binding on CHI, the Creditors, and the Existing Shareholders.

13. Effective on the Implementation Date, the Ordinary Claims, the Employee Claims, the Preferred Claims, and the Proposal Sponsor Secured Claims shall be discharged and CHI shall thereupon be released from the Ordinary Claims, the Employee Claims, the Preferred Claims, and the Proposal Sponsor Secured Claims, other than the obligation to make payment in the manner and to the extent described in this Proposal.

14. The Proposal Sponsor will become the sole shareholder of CHI as of the Implementation Date.

15. CHI's BIA Proceedings shall be annulled as of the Annulment Date.

Unaffected Claims

16. Unaffected Claims are not affected by this Proposal.

Repudiation of Contracts

17. CHI may repudiate or give notice of repudiation of any contract, arrangement, agreement, lease, or indenture to which it is a party, provided such notice of repudiation is given at least ten (10) Business Days prior to any Creditors' meeting to vote on this Proposal, and the Claim of each Person resulting or arising from the repudiation of such contracts, arrangements, agreements, leases and indentures shall be an Ordinary Claim for the purpose of this Proposal.

The Levy

18. The levy payable to the Superintendent in the BIA Proceedings under the BIA shall be deducted and paid from all amounts payable under this Proposal other than any payments made on account of Unaffected Claims.

ARTICLE 4
PROPOSAL SPONSOR'S INVESTMENT

19. Upon the filing of the application for the issuance of the Approval Order, the Proposal Sponsor will confirm in writing to the Trustee and CHI that it is holding funds sufficient to pay the following amounts (the **"Investment Amount"**):

(a) First, to pay the Professional Fees, which are funded in the ordinary course of business, and are currently estimated to be $50,000 as at the Implementation Date, in such actual amount as may be incurred by the Trustee as at the Implementation Date.

(b) Second, to pay the Priority Claims and Preferred Claims; and

(c) Third, to fund the Proposal Lump Sum to be paid by the Trustee in accordance with this Proposal.

ARTICLE 5
PAYMENT OF PRIORITY AND PREFERRED CLAIMS

Priority Claims

20. Priority Claims, if any, and to the extent not already paid by CHI in the ordinary course of its business, will be paid by the Proposal Sponsor in full within six (6) months after the granting of the Approval Order.

Preferred Claims

21. Within two (2) Business Days after the Implementation Date, all Preferred Claims, other than any Preferred Claim that is an Unaffected Claim, if any, will be paid in full.

22. To the extent any Employee has received a payment with respect to a portion or all of his or her Employee Claim from the WEPP, the WEPP shall be subrogated to that portion of the Employee's Preferred Claim under this Proposal that is equal to the amount paid to such Employee by the WEPP up to a maximum amount of $2,000 and the Trustee shall pay such amount directly to Service Canada in accordance with the WEPPA and not to the Employee. For greater certainty, the total amount that shall be paid under this Proposal to an Employee and/or to Service Canada on account of any Employee's Employee Claims shall not in the aggregate exceed the lesser of either (a) such Employee's Preferred Claim or (b) $2,000.

ARTICLE 6
COMPRMISE OF ORDINARY CLAIMS AND SECURED CLAIMS

23. On the later of (a) three (3) Business Days after the Implementation Date and (b) three (3) Business Days after the Claims Bar Date (the **"Distribution Date")**, the Proposal Lump Sum shall be distributed by the Trustee as follows:

(a) The Convenience Class portion of the Ordinary Creditors' Proven Claims will be paid in full, without interest; and

(b) An additional 20% of the value of each Ordinary Creditors' Proven Claim, calculated after deducting from the total of such Ordinary Creditors' Proven Claim the payment to be made to such Ordinary Creditor through the Convenience Class, will be paid to each Ordinary Creditor, without interest, provided that the total amount of payments made to each Ordinary Creditor pursuant to this Proposal on account of the Convenience Class portion of the Ordinary Creditors' Proven Claim and the balance of such Ordinary Creditors' Proven Claim shall not exceed $1,500 in the aggregate.

24. No payment shall be paid from the Proposal Lump Sum to the Proposal Sponsor in consideration of the Proposal Sponsor's Secured Claims.

ARTICLE 7
VOTING ON THE PROPOSAL

25. For the purpose of voting on this Proposal, there shall be two classes of Creditors to which this Proposal is made, being:

(a) a Secured Creditor Class; and

(b) an Unsecured Creditor Class.

26. The Proposal Sponsor shall be entitled to vote that portion of the Proposal Sponsor's Secured Claims that is equal to the value of the Proposal Sponsor's security, as assessed by the Trustee in accordance with the BIA, in the Secured Creditor Class, and the value

of the balance of the Proposal Sponsor's Secured Claims, as assessed by the Trustee in accordance with the BIA, as Ordinary Claims in the Unsecured Creditor Class.

27. In order to be eligible to vote at the meeting of Creditors, each Creditor shall file a proof of claim with the Trustee in accordance with the applicable provisions of the BIA and thereafter the Trustee shall administer the Claims in accordance with the provisions of section 135 of the BIA.

28. For the purpose of this Article 7, the Real Property Lessor may file a proof of claim with respect to the Real Property Lessor Claim in an amount equal to the lesser of (i) the aggregate of (A) the rent provided for in the lease for the first year of the lease following the date on which the disclaimer of such lease in these BIA Proceedings became effective, and (B) fifteen (15) per cent of the rent for the remainder of the term of the lease after that year, and (ii) three years' rent.

29. Creditors holding Ordinary Claims and/or Preferred Claims whose Proven Claims are paid in full through the payments provided for by Articles 5 and 6 of this Proposal shall not be required to vote on the Proposal and, unless and until such Creditors vote against the Proposal in accordance with this Proposal and the BIA, shall be deemed to vote in favour of the Proposal.

30. In accordance with section 149 of the BIA, the Trustee will, after the meeting of the Creditors, send a notice, in the prescribed manner, to every Person with a Claim of which the Trustee has notice or knowledge but whose Claim has not been proven in accordance with this Proposal and the BIA, and any Person who does not prove their Claim within a period of thirty (30) days after the sending of the notice by the Trustee (the **"Claims Bar Date"**) shall forever be barred from making a Claim in the BIA Proceedings or from receiving any payment under this Proposal in connection with any such Claim.

ARTICLE 8
REORGANIZATION

31. CHI's liabilities significantly exceed the value of its assets and as a consequence there is no value available to Existing Shareholders as CHI's assets effectively exist, at the present time, for the benefit of its Creditors and not for the benefit of the Existing Shareholders.

32. The only manner by which CHI can survive financially, restructure, and bring value to its Creditors is for CHI to implement the Reorganization and by having the Proposal Sponsor fund the Investment Amount, thereby allowing CHI to fund payments to Creditors under this Proposal. It is a condition precedent of the Proposal Sponsor funding such Investment Amount that the Reorganization be implemented in order for the Proposal Sponsor to be the sole shareholder of CHI as at the Implementation Date and pursuant to which, among other things, all Existing Shares will be:

    (a) changed into shares redeemable for cancellation by CHI for the aggregate price (for all the Existing Shares in their totality) of $1.00; and

    (b) immediately thereafter, be redeemed for cancellation by CHI and cancelled for the aggregate price (for all the Existing Shares in their totality) of $1.00 payable to the Existing Shareholders.

33. Once this Proposal is accepted by all Creditors entitled to vote thereon in accordance with this Proposal and the relevant provisions of the BIA, the Trustee will present the Approval Application to the Court seeking the Approval Order, which Approval Order shall include the ordering, *inter alia,* that the following shall occur as at the Implementation Date (collectively, the **"Reorganization"),** namely:

(a) With respect to all Existing Shares:

(i) changing of all Existing Shares into non-voting shares redeemable for cancellation by CHI for the aggregate price (for all Existing Shares in their totality) of $1.00; and

(ii) thereafter, the redemption for cancellation of all Existing Shares by CHI for the aggregate redemption price (for all Existing Shares in their totality) of $1.00 and the cancellation of all Existing Shares;

(b) the creation of the New Shares as described in and having the rights, privileges and restrictions set forth in the Articles of Reorganization;

(c) the issuance of 100 New Shares to the Proposal Sponsor for a subscription price of $100.00 payable in cash;

(d) with respect to the current Directors of CHI, the Directors shall be deemed to have resigned and Rick Kuzyk shall be appointed as the sole director of CHI;

(e) the settlement of the Proposal Sponsor's Secured Claims in full for no additional consideration payable to the Proposal Sponsor; and

(f) such other amendments and/or restating of the Articles as set forth in the Articles of Reorganization,

CHI retaining the right, at any time prior to Approval, to make such further deletions, additions or modifications, as CHI may deem appropriate, with the consent of the Proposal Sponsor, to the Reorganization such that the term "Reorganization" shall include such deletions, additions or further modifications so made by CHI, with the consent of the Proposal Sponsor.

34. Immediately following Approval, CHI will send the Articles of Reorganization to the Director (as envisaged by section 192(4) of the ABCA) in order to obtain from such Director the Certificate.

35. Subject to Approval and the issuance by the Registrar (as defined in and appointed under the ABCA) of the Certificate, the Proposal Sponsor will, immediately following the Approval Order and in accordance with Article 4 hereof, confirm in writing to the Trustee and CHI that it is holding the Investment Amount in trust, which is to be released from trust on the Implementation Date and to be used as envisaged by this Proposal.

36. The implementation of the Reorganization is and shall remain a condition precedent to the performance of this Proposal. As a consequence, any acceptance by the Creditors of this Proposal shall include approval of the Reorganization. In the event that the Approval Order does not approve the Reorganization, then no Approval shall be deemed to have occurred

and this Proposal shall be deemed, for all purposes, to have not been accepted or approved as required pursuant to the relevant provisions of the BIA.

ARTICLE 9
CLAIMS AGAINST DIRECTORS

37. In accordance with section 50(13) of the BIA, effective on the Implementation Date the Proposal shall be deemed for all purposes whatsoever, to constitute the complete compromise, release and discharge of all Claims, of any nature or source whatsoever, of all Creditors and any other Persons against the Directors, which arose before the Filing Date and which relate to obligations of CHI where such Directors are by law liable in their capacity as directors for payment of such obligations, provided however that nothing herein shall release or discharge or be deemed to have released or discharged any Claims against Directors that cannot be released or discharged pursuant to section 50(14) of the BIA.

ARTICLE 10
PREFERENCS, TRANSFERS AT UNDER VALUE, ETC.

38. In conformity with section 101.1 of the BIA, sections 95-101 of the BIA and any provincial statute related to preference, settlement, fraudulent conveyance or the like shall not apply to this Proposal. As a result:

(a) all such rights, remedies and recourses and any Claims based thereon shall be completely unavailable to the Trustee or any Creditors against the Company, any of the Property, any other Creditor or any other Person whatsoever; and

(b) the Trustee and all the Creditors shall be deemed, for all purposes whatsoever, to have irrevocably and unconditionally waived and renounced such rights, remedies and recourses and any Claims based thereon against the Company, the Property any other Creditor or any other Person.

ARTICLE 11
EVENT OF DEFAULT

39. The non-payment of any of CHI's obligations pursuant to this Proposal hereunder within ten (10) Business Days of the date on which such payment is due will constitute an event of default for the purposes of section 62.1 of the BIA and otherwise under this Proposals (collectively an **"Event of Default"**).

ARTICLE 12
TRUSTEE

40. Ernst & Young Inc. is the Trustee under this Proposal. The Trustee is acting in its capacity as Trustee under this Proposal, and not in its personal capacity, and shall not incur any liabilities or obligations in connection with this Proposal or in respect of the business,

liabilities, obligations of CHI, whether existing as at the Filing Date or incurred subsequent thereto.

41. The Trustee will continue to monitor CHI's cash receipts and disbursements and perform all other obligations until this Proposal is either accepted by the Creditors and implemented or rejected by the Creditors.

42. All notices sent by the Trustee or to be sent to the Trustee pursuant to the BIA may be sent by ordinary mail.

ARTICLE 13
CONDITIONS PRECEDENT

43. As provided for in the BIA, the arrangements set out in this Proposal will not take effect unless the conditions set forth below are substantially satisfied, as follows:

(a) requisite majorities of each class of Creditors have approved the Proposal;

(b) the Approval Order has been obtained;

(c) no order or decree restraining or enjoining the consummation of the transactions contemplated by this Proposal has been issued; and

(d) the Certificate has been issued with respect to the Reorganization.

ARTICLE 14
MISCELLANEOUS

44. On the Implementation Date, all Creditors will be deemed to have consented and agreed to all the provisions of this Proposal in its entirety, including, without limitation, the terms of the Approval Order. For greater certainty, each such Creditor will be deemed to have waived any default by CHI in any provision, express or implied, in any agreement existing between the Creditors and CHI that has occurred on or prior to the Filing Date, and to have agreed that, to the extent that there is any conflict between the provisions of any such agreement and the provisions of this Proposal, the provisions of this Proposal take precedence and priority and the provisions of any such agreement are amended accordingly.

45. The payment, compromise or other satisfaction of any Claim under this Proposal will be binding on the Creditors and their respective heirs, executors, administrators, successors and assigns for all purposes.

46. For greater clarity, and notwithstanding any provision of this Proposal, the guarantees of Andrew G. Clark and A.G. Partner Holdings Ltd., and certain others whose obligations were thereafter assumed by A.G. Partner Holdings Ltd. (together, the **"Guarantors"**), all as described in the two Acknowledgment and Confirmation Agreements executed by each of CHI, Andrew G. Clark, and A.G. Partner Holdings Inc. on February 20, 2020 and delivered to the Proposal Sponsor (together, the **"Guarantor Agreements"**), shall continue to apply in respect of the Obligations (in each case as defined in the Guarantor

Agreements) following the Approval until the Obligations have been repaid in full by the Guarantors to the Proposal Sponsor.

47. This Proposal shall be governed by and construed in accordance with the laws of Alberta and the federal laws of Canada applicable therein. Any disputes as to the interpretation or application of the Proposal and all proceedings taken in connection with this Proposal shall be subject to the exclusive jurisdiction of the Court.

Dated at Edmonton this 1st day of May, 2020

Ernst& Young Inc. – Licensed Insolvency Trustee

Per: ______________________

Matt McCulloch - Licensed Insolvency Trustee
1400 EPCOR Tower, 10423-101 Street, Edmonton, AB T5H 0E7
Phone: (780) 412-2393
Fax: (780) 428-8977

Schedule "A"

Defined Terms

(a) **"ABCA"** means the *Business Corporations Act*, RSA c. B-9, as it may be amended from time to time;

(b) **"Annulment Date"** means one (1) Business Day after the Distribution Date;

(c) **"Approval"** means (i) acceptance of this Proposal by the statutory majority of Creditors in the Secured Creditor Class and the Unsecured Creditor Class entitled to vote thereon in accordance with the relevant provisions of the BIA; and (ii) the approval of this Proposal by the Court by the granting of the Approval Order;

(d) **"Approval Order"** means an order of the Court approving the Proposal and approving the Reorganization;

(e) **"Articles"** means the articles of incorporation of CHI dated June 9, 2006, all articles of amendment thereto, and all certificates issued in respect thereof in accordance with the relevant provisions of the ABCA;

(f) **"Articles of Reorganization"** means the Articles of Reorganization in respect of CHI in accordance with section 192(4) of the ABCA (as well as sections 59(4) and 66(1.4) of the BIA, to the extent applicable) giving effect to the proposed reorganization of CHI, together with such deletions, additions or modifications as CHI and the Proposal Sponsor may make thereto and therefrom at any time prior to the Approval. The Articles of Reorganization shall form part of the Reorganization;

(g) **"BIA"** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as it may be amended from time to time;

(h) **"BIA Proceedings"** means the proceedings pursuant to the BIA commenced by CHI through its voluntary assignment into bankruptcy under the BIA on March 3, 2020;

(i) **"Business Day"** means a day, other than Saturday or Sunday or a day observed as a holiday pursuant to the laws of the Province of Alberta or the federal laws of Canada, on which banks are generally open for business;

(j) **"Certificate"** means the certificate confirming the Reorganization issued by the Registrar (as defined and appointed under the ABCA) pursuant to section 192(5) of the ABCA;

(k) **"CHI"** means Canadian Humalite International Inc.;

(l) **"Claim"** means any indebtedness, liability, action, cause of action, suit, debt, due, account, bond, covenant, contract, counterclaim, demand, claim, right and obligation of any nature whatsoever of CHI to any Person whether liquidated, unliquidated, fixed, contingent, matured, legal, equitable, secured, unsecured, present, future, known or unknown, and whether by guarantee, surety or otherwise, incurred or arising or relating to the period prior to the Filing Date, or based in whole or in part on facts, contracts or arrangements which occurred or existed prior to the Filing Date, together with any other claims provable in bankruptcy on the Filing Date, including without limitation, claims arising from the repudiation, disclaimer or termination of any lease, license, contract, arrangement or contract of employment, providing that all such claims shall be allowed without allowance for interest after the Filing Date and without allowance for penalties and net of any normal discounts. All Claims must be converted to Canadian Dollars at the Bank of Canada Daily foreign exchange rate at the Filing Date;

(m) **"Claims Bar Date"** has the meaning given to it in paragraph 30 of this Proposal;

(n) **"Convenience Class"** means the first $700.00 of any Ordinary Creditors' Proven Claim;

(o) **"County"** means the County of Paintearth No. 18;

(p) **"Court"** means the Alberta Court of Queen's Bench, in Bankruptcy and Insolvency;

(q) **"Creditor"** means any Person who holds one or more Claims;

(r) **"Crown"** means Her Majesty in Right of Canada or of any Province of Canada or their agents;

(s) **"Crown Claims"** means solely all Claims of the Crown as set out in section 60(1.1) of the BIA outstanding as at the Filing Date, if any, by CHI and specifically excludes any other Claims of the Crown;

(t) **"Directors"** means all former and current directors and officers of CHI as at the Filing Date;

(u) **"Distribution Date"** has the meaning assigned to it in Article 6 of this Proposal;

(v) **"Employee"** means an employee or former employee of CHI effective as of the Filing Date;

(w) **"Employee Claims"** means any Claim of an Employee or former Employee of CHI on account of wages, salaries, commissions, or compensation owing as at the Filing Date or as a result of these BIA Proceedings including the portion of each Employee's Claim being a Preferred Claim pursuant to section 136(1)(d) of the BIA;

(x) **"Event of Default"** has the meaning given to it in Article 11 of this Proposal;

(y) **"Existing Shares"** means, collectively, any and all issued and outstanding shares or other securities of CHI's capital stock as of the Filing Date;

(z) **"Existing Shareholders"** means, collectively, the holders of Existing Shares as of the Implementation Date;

(aa) **"Filing Date"** means the date on which CHI voluntarily commenced these BIA Proceedings, namely March 3, 2020;

(bb) **"Guarantors"** has the meaning set out in Article 14 of this Proposal;

(cc) **"Guarantor Agreements"** has the meaning set out in Article 14 of this Proposal;

(dd) **"Implementation Date"** means such date, after Approval, appearing on the Certificate issued by the Registrar (as defined in and appointed under the ABCA) giving effect to the Articles of Reorganization in accordance with the ABCA, which Certificate shall be filed within three (3) Business Days following the Approval (or on such other date as may be agreed upon in writing by CHI and the Proposal Sponsor with the consent of the Trustee);

(ee) **"Investment Amount"** has the meaning given to it in Article 4 of this Proposal;

(ff) **"Municipal Taxes"** means municipal taxes assessed or levied against CHI, within the two years immediately preceding the Filing Date, that do not constitute a Secured Claim against the real property or immovables of CHI, but not exceeding the value of the interest in respect of which the taxes were imposed as declared by the Trustee;

(gg) **"New Shares"** means the voting new common shares of CHI created by the Articles of Reorganization upon the issuance of the Certificate, having the rights, privileges, and restrictions as set forth in the Articles of Reorganization;

(hh) **"Ordinary Claims"** means all Claims held by a Creditor other than Priority Claims, Preferred Claims, Employee Claims, and Unaffected Claims;

(ii) **"Ordinary Creditors"** means Creditors who hold Ordinary Claims;

(jj) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or any other entity however designated or constituted;

(kk) **"Preferred Claims"** means those Proven Claims set out in section 136 of the BIA, the payment of which will be made in priority pursuant to the BIA over the Ordinary Claims and Employee Claims;

(ll) **"Priority Claims"** means Crown Claims and any other Proven Claims that have priority to the Secured Claims, Preferred Claims, and Ordinary Claims pursuant to the BIA and/or applicable federal or provincial legislation;

(mm) **"Professional Fees"** means the amounts of professional fees and disbursements owing to the Trustee and to counsel to the Trustee incurred in connection with this Proposal as at the Implementation Date;

(nn) **"Property"** means all of the assets, undertakings and property of CHI wherever situate;

(oo) **"Proposal"** means this Proposal made pursuant to the BIA and the ABCA, as further amended or supplemented from time to time by CHI with the consent of the Proposal Sponsor;

(pp) **"Proposal Sponsor"** means Black Earth Products Inc.;

(qq) **"Proposal Sponsor Secured Claims"** means the aggregate amount of $11,849,229.70, in respect of which the Proposal Sponsor has security valued by the Proposal Sponsor at $4,950,141.86, representing the aggregate amount of the Proposal Sponsor Secured Claims against CHI as set out in the two separate proofs of claim submitted by the Proposal Sponsor in these BIA Proceedings on March 17, 2020;

(rr) **"Proposal Lump Sum"** means the sum required to fund the distributions in respect of Ordinary Claims as provided for by this Proposal;

(ss) **"Proven Claim"** means a provable Claim pursuant to the BIA against CHI as of the date of the commencement of the BIA Proceedings of a Creditor which has been proven in accordance with the provisions of the BIA;

(tt) **"Real Property Lessor"** means Camrock Capital (40) Limited Partnership, by its General Partner, Camrock Capital Partners G.P. (40) Inc.;

(uu) **"Real Property Lessor Claim"** means the Claim of the Real Property Lessor, as landlord under a lease of real property among the Real Property Lessor, as lessor, and CHI, as lessee, dated November 19, 2017, as amended by a lease amendment agreement dated February 15, 2018, arising from the disclaimer of such lease in these BIA Proceedings;

(vv) **"Reorganization"** has the meaning set out in paragraph 33 of this Proposal;

(ww) **"Secured Claims"** means the Claims of Secured Creditors as of the Implementation Date;

(xx) **"Secured Creditor"** has the meaning ascribed to in section 2 of the BIA;

(yy) **"Secured Creditor Class"** means, for the purpose of voting on the Proposal, the class compromised of the Proposal Sponsor Secured Claims;

(zz) **"Trustee"** means Ernst & Young Inc. or its duly appointed successor or successors;

(aaa) **"Unaffected Claims"** means the Professional Fees and the County's Claim for Municipal Taxes;

(bbb) **"Unsecured Creditor Class"** means, for the purpose of voting on the Proposal, the class of all Creditors holding Ordinary Claims, Employee Claims, and/or Preferred Claims, but only to the extent that they hold such claims;

(ccc) **"WEPP"** means the Wage Earner Protection Program administered under the WEPPA; and

(ddd) **"WEPPA"** means collectively the *Wage Earner Protection Program Act*, SC 2005, c 47, s 1 and the *Wage Earner Protection Program Regulations*, SOR/2008-222.

SCHEDULE B TO ORDER
ARTICLES OF REORGANIZATION

Alberta Government

Articles of Reorganization

Business Corporations Act
Section 192

This information is collected in accordance with the *Business Corporations Act*. It is required to update an Alberta corporation's articles for the purpose of issuing a certificate of amendment. Collection is authorized under s. 33(a) of the *Freedom of Information and Protection of Privacy Act*. Questions about the collection can be directed to Service Alberta Contact Centre staff at cr@gov.ab.ca or 780-427-7013 (toll-free 310-0000 within Alberta).

1. **Name of Corporation**	2. **Corporate Access Number**
CANADIAN HUMALITE INTERNATIONAL INC.	2012485179

3. **In accordance with the Order for Reorganization, the Articles of Incorporation are amended as follows:**

In accordance with the Order of the Court of Queen's Bench of Alberta dated June 5, 2020 approving the reorganization ("Reorganization") pursuant to Sections 192(2) and 192(3) of the Business Corporations Act (Alberta) (the "Act"), a certified copy of which is attached hereto as Exhibit "A" (which schedules are incorporated into and form a part hereof), involving Canadian Humalite International Inc. ("CHI"), the shareholders of CHI, certain affected creditors of CHI and Black Earth Products Inc. (the "Proposal Sponsor"), the Reorganization is hereby effected, as follows:

(a) pursuant to Section 173(1)(e) of the Act, by changing the rights, privileges, restrictions and conditions presently attached to the Class "A" Shares, Class "B" Shares, Class "C" Shares, Class "D" Shares, Class "E" Shares and Class "F" Shares (the "Existing Shares") to the rights, privileges, restrictions and conditions as set forth in Schedule "A" attached to the Articles of Reorganization as Exhibit "B";
(b) thereafter the redemption for cancellation of all Existing Shares for the aggregate redemption price (for all Existing Shares in their totality) of $1.00 and the cancellation of all Existing Shares;
(c) pursuant to Section 173(1)(d) of the Act, by creating a class of shares designated as the "Common Shares", unlimited in number and having attached thereto the rights, privileges, restrictions and conditions as set forth in Schedule "A" attached to the Articles of Reorganization as Exhibit "B";
(d) the issuance of 100 New Shares to the Proposal Sponsor for a subscription price of $100.00 payable in cash; and
(e) with respect to the current Directors of CHI, the Directors shall be deemed to have resigned and Rick Kuzyk shall be appointed as the sole director of CHI.

4. **Authorized Representative/Authorized Signing Authority for the Corporation**

Last Name, First Name, Middle Name *(optional)*	Relationship to Corporation
Telephone Number *(optional)*	Email Address *(optional)*
Date of submission *(yyyy-mm-dd)*	Signature

EXHIBIT "A"
ARTICLES OF REORGANIZATION
OF
CANADIAN HUMALITE INTERNATIONAL INC.

EXHIBIT "B"
ARTICLES OF REORGANIZATION
OF
CANADIAN HUMALITE INTERNATIONAL INC.

SCHEDULE "A"
ARTICLES OF REORGANIZATION
OF
CANADIAN HUMALITE INTERNATIONAL INC.
(the "**Corporation**")

(share structure)

The Corporation is authorized to issue:

(a) an unlimited number of Common Shares (Common Voting)
(b) an unlimited number of Class "A" Shares (Common Non-Voting);
(c) an unlimited number of Class "B" Shares (Common Non-Voting);
(d) an unlimited number of Class "C" Shares (Common Non-Voting);
(e) an unlimited number of Class "D" Shares (Common Non-Voting);
(f) an unlimited number of Class "E" Shares (Preferred Non-Voting);
(g) an unlimited number of Class "F" Shares (Preferred Non-voting).

Each class of shares has the following rights and restrictions attached thereto:

Common Shares

The holders of the Common Shares shall be entitled:

(a) to vote at all meetings of shareholders of the Corporation except meetings at which only holders of a specified class of shares are entitled to vote;

(b) to receive, subject to the rights of the holders of another class of shares, any dividend declared by the Corporation; and

(c) to receive, subject to the rights of the holders of another class of shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

Class "A", "B", "C", "D", "E" and "F" Shares

(a) Definitions

In these share conditions, the following words and phrases shall have the following meanings:

(i) "Act" means the *Business Corporations Act* (Alberta);

(ii) "Non-Voting Shares" means the Class "A", "B", "C", "D", "E" and "F" Shares collectively;

(iii) "redemption date" means the date on which the Certificate of Amendment is issued in accordance with the Act in respect of the Corporation's Articles of Reorganization to which this Schedule "A" is attached; and

(iv) "redemption price" means an aggregate of $1.00;

(b) Voting Rights

Subject to the Act, the holders of the Non-Voting Shares shall not, as such, be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

(c) Dividends

The holders of the Non-Voting Shares shall not, as such, be entitled to receive, any dividends declared by the Corporation.

(d) Redemption at Option of Corporation

All of the issued and outstanding Non-Voting Shares shall be deemed to have been redeemed for cancellation by the Corporation on the redemption date, without notice to the holders of such Non-Voting Shares, and cancelled for the aggregate price (for all Non-Voting Shares in their totality) of $1.00. On the redemption date, the redemption price shall be paid to such holders, or deposited with any chartered bank or trust company in Canada and the holders of such redeemed Non-Voting Shares thereof shall thereafter have no rights against the Corporation in respect thereof except to receive payment of the redemption price.

(e) Distribution Rights

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Non-Voting Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of the Common Shares, an amount equal to the redemption price of such shares and no more.

SCHEDULE "A"
ARTICLES OF REORGANIZATION
OF
CANADIAN HUMALITE INTERNATIONAL INC.
(the "**Corporation**")

(share structure)

The Corporation is authorized to issue:

(a) an unlimited number of Common Shares (Common Voting)
(b) an unlimited number of Class "A" Shares (Common Non-Voting);
(c) an unlimited number of Class "B" Shares (Common Non-Voting);
(d) an unlimited number of Class "C" Shares (Common Non-Voting);
(e) an unlimited number of Class "D" Shares (Common Non-Voting);
(f) an unlimited number of Class "E" Shares (Preferred Non-Voting);
(g) an unlimited number of Class "F" Shares (Preferred Non-voting).

Each class of shares has the following rights and restrictions attached thereto:

<u>Common Shares</u>

The holders of the Common Shares shall be entitled:

(a) to vote at all meetings of shareholders of the Corporation except meetings at which only holders of a specified class of shares are entitled to vote;

(b) to receive, subject to the rights of the holders of another class of shares, any dividend declared by the Corporation; and

(c) to receive, subject to the rights of the holders of another class of shares, the remaining property of the Corporation on the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

<u>Class "A", "B", "C", "D", "E" and "F" Shares</u>

(a) <u>Definitions</u>

In these share conditions, the following words and phrases shall have the following meanings:

(i) "Act" means the *Business Corporations Act* (Alberta);

(ii) "Non-Voting Shares" means the Class "A", "B", "C", "D", "E" and "F" Shares collectively;

(iii) "redemption date" means the date on which the Certificate of Amendment is issued in accordance with the Act in respect of the Corporation's Articles of Reorganization to which this Schedule "A" is attached; and

(iv) "redemption price" means an aggregate of $1.00;

(b) Voting Rights

Subject to the Act, the holders of the Non-Voting Shares shall not, as such, be entitled to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

(c) Dividends

The holders of the Non-Voting Shares shall not, as such, be entitled to receive, any dividends declared by the Corporation.

(d) Redemption at Option of Corporation

All of the issued and outstanding Non-Voting Shares shall be deemed to have been redeemed for cancellation by the Corporation on the redemption date, without notice to the holders of such Non-Voting Shares, and cancelled for the aggregate price (for all Non-Voting Shares in their totality) of $1.00. On the redemption date, the redemption price shall be paid to such holders, or deposited with any chartered bank or trust company in Canada and the holders of such redeemed Non-Voting Shares thereof shall thereafter have no rights against the Corporation in respect thereof except to receive payment of the redemption price.

(e) Distribution Rights

In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Non-Voting Shares shall be entitled to receive, before any distribution of any part of the assets of the Corporation among the holders of the Common Shares, an amount equal to the redemption price of such shares and no more.