

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS  
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF CARIBOU RESOURCES CORP.

BEFORE THE HONOURABLE ) AT THE COURTHOUSE, IN THE CITY  
JUSTICE K.M. HORNER ) OF CALGARY, IN THE PROVINCE OF  
ALBERTA, ON TUESDAY, THE 30<sup>TH</sup>  
DAY OF JANUARY, 2007

I hereby certify that this is a true copy of  
the original [Signature]  
dated this 30 day of Jan 2007  
[Signature]  
for Clerk of the Court

INITIAL ORDER

UPON the ex-parte application of Caribou Resources Corp. ("**Caribou**" or the "**Debtor**"); AND UPON having read (i) the Petition, (ii) the Affidavit of **Christina M. Fehr** sworn January 30, 2007, filed, and the exhibits thereto, including the projected cash flow statement and the financial statements for the past year of the Debtor (the "**Fehr Affidavit**"), and (iii) the consent of Deloitte & Touche Inc. (the "**Monitor**") to act as monitor as contemplated hereunder, all filed; AND UPON on hearing the submissions of counsel for the Debtor and the Monitor; AND UPON being advised that no other person who might be interested in these proceedings was served with notice of this Application; AND UPON being satisfied that circumstances exist that make this Order appropriate:

**Service**

1. THIS COURT ORDERS that the time for service of the Petition herein and this Application be and it is hereby abridged and that this Application is properly returnable today and further that service thereof upon any interested party other than the persons served with the Petition and the **Fehr** Affidavit is hereby dispensed with.

***Application of the CCAA***

2. THIS COURT ORDERS AND DECLARES that the Debtor is a "**debtor company**" within the meaning of the CCAA and the CCAA applies to the Debtor.

***Plan of Arrangement***

3. THIS COURT ORDERS that the Debtor shall have exclusive authority to prepare and file, and is hereby authorized and permitted to file, with this Court and submit to creditors one or more plans of compromise or arrangement under the CCAA (collectively, the "**Plan**") between, among others, the Debtor and one or more classes of their respective creditors as the Debtor may deem appropriate on or before the Stay Date (as subsequently defined) or such other time or times as may be allowed by this Court.

***Stay of Proceedings***

4. THIS COURT ORDERS that, until and including February 28, 2007, or such later date as the Court may order (the "**Stay Date**", and the period from the date hereof to the Stay Date being referred to as the "**Stay Period**"), no suit, complaint, action, grievance, arbitration, application, proceeding, enforcement process, right or remedy (judicial or extra-judicial, statutory or non-statutory) shall be commenced, proceeded with or continued (collectively, the "**Proceedings**") by any person, firm, corporation, government, administrative or regulatory body or other entity or organization (including, without limitation, any former, existing or future or related shareholders, creditors (whether related, affiliated or otherwise), customers, suppliers, employees, pensioners, unions, regulators, contracting parties, lessors, licensors, co-venturers or partners of any of the Debtor) (collectively, "**Persons**" and individually a "**Person**") against or in respect of any of:
  - (a) the Debtor; or
  - (b) any of the present or future property, assets, rights, undertaking, estate and effects of any nature of the Debtor wheresoever located, and whether held directly or

indirectly, as principal or nominee, beneficially or otherwise (collectively, the "**Property**"),

and all Proceedings already commenced against or in respect of the Debtor or any of the Property are hereby stayed and suspended and the continuation thereof is restrained unless the prior written consent of the applicable Debtor and the Monitor is obtained or leave of this Court is granted.

5. THIS COURT ORDERS that, during the Stay Period, the right of any Person:
- (a) to commence or continue realization steps or proceedings in respect of any security interest, encumbrance, lien, charge, mortgage or other security held in relation to, or any trust attaching to, any of the Property (including, without limitation, the right of any Person to take any step in asserting or perfecting any right or interest therein or to exercise any right of registration of securities, distress, seizure, repossession, revendication, stoppage in transit, foreclosure or sale); and
  - (b) to assert, enforce or exercise any right, option or remedy available to it arising by law, under any agreement or otherwise (including, without limitation, any right under section 224(1.2) of the *Income Tax Act* (Canada) or substantially similar provision under provincial law (subject to section 11.4 of the CCAA); any right of dilution, buy-out, divestiture, forced sale, demand, acceleration, termination, suspension, modification, cancellation, set-off or consolidation of accounts; any right of first refusal; any right to give notice of assignment of a claim; or any right to revoke any qualification or registration), against or in respect of the Debtor or any of the Property or arising out of, relating to or triggered by the occurrence of any default or non-performance by or the insolvency of the Debtor, the making or filing of these proceedings or any allegation, admission or evidence in these proceedings, is hereby stayed and restrained unless the prior written consent of the Debtor and the Monitor is obtained or leave of this Court is granted.

6. THIS COURT ORDERS that, without limiting the generality of paragraphs 4 and 5 but subject to the provisions of paragraph 9 hereof, cash or cash equivalents placed on deposit by the Debtor with any Person during the Stay Period, whether in an operating account or otherwise and whether for its own account or for the account of any other entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of this Order or which may become due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof, provided that nothing in this paragraph 6 shall prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by the Debtor and properly honoured by the financial institution, or (ii) holding the amount of any cheques or other instruments deposited into the Debtor's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

7. THIS COURT ORDERS that, subject to the provisions of paragraph 9 hereof, during the Stay Period, all Persons having agreements or other arrangements with the Debtor in connection with any of the Property, whether written or oral (including, without limitation, contracts for the supply of goods or services to the Debtor, insurance policies, partnership agreements, joint venture agreements, tolling agreements, operating agreements, outsourcing agreements, commercial leases, equipment leases and licences):

(a) are hereby restrained from accelerating, terminating, cancelling, suspending, withdrawing, failing to renew or extend on reasonable terms, modifying or otherwise interfering with such agreements or other arrangements or the rights of the Debtor or any other Person thereunder or exercising any other remedy provided for under such agreements or arrangements, including without limitation, any licences, permits, approvals or consents in respect of the Debtor in connection with such Property, and without limitation to the foregoing, the operation of any provision of any such agreement or other arrangement that purports to accelerate, terminate, cancel, suspend or modify such agreement or arrangement as a result of the occurrence of any default or non-performance by or the insolvency of the Debtor, the making or filing of these proceedings or any

allegation, admission or evidence in these proceedings is hereby stayed and restrained;

- (b) are hereby restrained from modifying, discontinuing or otherwise interfering with the supply of any good, service, or other benefit by or to such Person thereunder (including, without limitation, any modification of, discontinuance of or interference with any telephone numbers, any directors' and officers' insurance, any form of telecommunications service or any oil, gas, electricity or other utility supply); and
- (c) shall continue to perform and observe the terms and conditions contained in such agreements or other arrangements (including, without limitation, the payment of all sums to be paid in respect of services performed or to be performed by the Debtor),

so long as the Debtor pays the normal prices or charges for such goods and services received after the date of this Order as such prices or charges become due in accordance with present payment practices or as may be hereafter negotiated (other than deposits, stand-by fees or similar items which the Debtor shall not be required to pay), unless the prior written consent of the Debtor and the Monitor is obtained or the leave of this Court is granted.

8. THIS COURT ORDERS that, during the Stay Period, no landlord of the Debtor shall:

- (a) exercise any right to terminate or accelerate rent due under a lease with the Debtor;
- (b) interfere with the quiet possession of real property by the Debtor;
- (c) exercise any right of distraint, or take possession of any premises leased to the Debtor unless those premises have been abandoned by the Debtor;
- (d) interfere with the removal of inventory, chattels and equipment from premises leased by the Debtor; or

- (e) hinder in any way the orderly liquidation of any Property from premises leased by the Debtor,

all subject to paragraph 9 hereof and the obligation, if any, of the Debtor to pay occupation rent for the period commencing with the date of this Order and while the Debtor enjoys actual occupation of leased premises at the presently payable rental rate calculated on a per diem basis, or otherwise as may be negotiated by the Debtor from time to time.

9. THIS COURT ORDERS that notwithstanding paragraphs 4 to 8 hereof:

- (a) in the case of agreements for the supply of goods, services, the use of leased or licensed property or other valuable consideration to the Debtor, no Person is prohibited, solely by the terms of this Order, from requiring immediate payment for any goods, services, use of leased or licensed property or other valuable consideration to be provided to the Debtor after the date of this Order;
- (b) no Person is required, solely by the terms of this Order, to make further advances of money or credit to the Debtor;
- (c) no Person is prohibited, solely by the terms of this Order, from commencing or continuing any action, suit or proceeding against any person other than the Debtor who is obligated under a letter of credit or guarantee in relation to the Debtor;
- (d) no Person is prohibited, solely by the terms of this Order, from exercising any right to terminate, amend or claim any accelerated payment under an "**eligible financial contract**" (as that term is defined in section 11.1 of the CCAA) and, for greater certainty, when an eligible financial contract entered into before the date of this Order is terminated on or after the date of this Order, the setting off of obligations between the Debtor, and the Person (as parties thereto) in accordance with the provisions of the eligible financial contract and the CCAA is permitted provided that paragraphs 4 to 8 of this Order will apply to restrain any step or proceeding against the Debtor or any of the Property in respect of a claim for any

"**net termination value**" (as defined in section 11.1 of the CCAA) owing to the Person); and

- (e) rights of set-off as are permitted under section 18.1 of the CCAA.
10. THIS COURT ORDERS that to the extent any rights or obligations, or time or limitation periods (including, without limitation, the time to file grievances), relating to the Debtor or any of the Property may expire or terminate with the passage of time (other than the term of any lease of real property), the term of such rights or obligations or time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period and, without limitation to the foregoing, in the event that the Debtor becomes bankrupt or a receiver within the meaning of section 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of the Debtor, the period between the date of this Order and the day on which the Stay Period in respect of the Debtor ends shall not be calculated in determining the 30-day periods referred to in sections 81.1 and 81.2 of the BIA.
11. THIS COURT ORDERS that no Person may commence or continue any action, suit or other proceeding against any former, present or future director or officer of the Debtor or any other person by applicable legislation that is deemed to be or is treated similar to a director of the Debtor or that presently or in the future manages the business and affairs of the Debtor (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director that arose before the commencement of these proceedings and that relates to obligations of the Debtor where such Director is or is alleged to be, under any law, liable in his or her capacity as such for the payment of such obligations until further order of this Court or until the Plan, if one is filed, is sanctioned by the Court or is refused by the creditors or the Court.
12. THIS COURT ORDERS that no Person shall commence or continue any proceeding against any of the directors, officers, employees, legal counsel or financial advisers of the Debtor or the Monitor, for or in respect of the Restructuring (as defined herein) or the creation and implementation of the Plan without first obtaining leave of this Court, upon

seven days' written notice to the Debtor's counsel of record and to all those referred to in this paragraph whom it is proposed be named in such proceedings.

13. THIS COURT ORDERS that from 1:30 o'clock p.m. (Calgary time) on the date of this Order (the "**Effective Time**") to the time of the granting of this Order, any act or action taken or notice given by any Person in furtherance of its rights to commence or continue realization or take or enforce any other step or remedy in respect of the Debtor, the Directors (to the extent such act, action taken or notice given would otherwise be stayed by paragraphs 4 through 8 if it occurred after the making of this Order) or the Property, will be deemed not to have been taken or given as the case may be.

***Possession of Property and Carrying on Business***

14. THIS COURT ORDERS that, subject to the terms of this Order, the Debtor shall remain in possession of the Property until further order in these proceedings.
15. THIS COURT ORDERS that the Debtor shall continue to carry on business, including the business of any person, firm, joint venture partnership or corporation owned by the Debtor, in a manner consistent with the commercially reasonable preservation of the Property and their collective businesses, except as otherwise specifically authorized or directed by this Order or any further order in these proceedings.
16. THIS COURT ORDERS that, without limitation to paragraph 15 hereof, the Debtor is authorized to continue to retain or employ any employees, agents, servants, solicitors, advisers and consultants who are retained or employed as of the date of this Order, with liberty to retain or employ such further employees, agents, servants, solicitors, auditors, advisers and consultants as the Debtor deems necessary or desirable to carry on the business, to carry out the terms of this Order or for the purposes of the Plan.
17. THIS COURT ORDERS that the Debtor, as applicable, shall remit, in accordance with legal requirements, or pay when due:

- (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province or Territory thereof or any foreign jurisdiction which are required to be deducted from employees' wages including, without limitation, amounts in respect of employment insurance, Canada Pension Plan and income taxes;
  - (b) amounts accruing and payable by the Debtor in respect of employment insurance, Canada Pension Plan, workers compensation, employer health taxes and similar obligations of any jurisdiction with respect to employees; and
  - (c) all goods and services taxes and all provincial or other applicable sales taxes payable or collectable by the Debtor in connection with the sale of goods and services by such Debtor.
18. THIS COURT ORDERS that, from and after the date of this Order, the Debtor shall be entitled to pay all reasonable costs and expenses incurred by it in carrying on its business prior to and after the date of this Order and in carrying out the provisions of this Order, in each case when due and payable, which costs and expenses may include, without limitation:
- (a) the cost of goods and services actually supplied to the Debtor;
  - (b) all outstanding and future wages, salaries, commissions, vacation pay, bonuses, pension and other benefits, reimbursement of expenses (including, without limitation, amounts charged by employees to credit cards) and other amounts accruing due to current, former or future employees, officers or directors or individuals that provide or have provided services to the Debtor as individual contractors, and all outstanding and future severance pay, termination pay and other like amounts due to current, former or future employees if terminated in the ordinary course as the Debtor may in its discretion determine;
  - (c) all outstanding and future contributions to or payments in respect of any pension or benefit plans sponsored by the Debtor;

- (d) all outstanding and future fees and disbursements of the Monitor, the Monitor's and the Debtor's respective legal counsel;
- (e) all outstanding and future fees and disbursements of any financial and other advisers retained by the Debtor in respect of these proceedings;
- (f) all outstanding and future fees and disbursements of the Debtor's respective directors;
- (g) without limitation to paragraph 17, all outstanding and future priority claims of the federal or provincial Crown or a municipality in respect of the Debtor or any of the Property which may have priority over any security held by other Persons, including, without limitation, amounts owing in respect of provincial sales taxes, federal goods and services taxes, income tax source deductions and other analogous withholdings, Canada Pension Plan and employment insurance contributions, employer health taxes, obligations to any workers' compensation authority, obligations in respect of any provincial or federal environmental legislation, gross receipts taxes, and realty or excise or other taxes;
- (h) all outstanding and future premiums on existing or future directors' and officers' liability insurance, including, without limitation, any premiums in connection with any extended reporting period;
- (i) rent and other payments required pursuant to any leases of real property under existing arrangements in respect of the period after the date of this;
- (j) all outstanding and future amounts due from the Debtor under any charge, debit or credit card arrangements, including, without limitation, arrangements with American Express, MasterCard or Visa;
- (k) all expenses and capital expenditures incurred after the date of this Order in the ordinary course of business or necessary for environmental compliance or to

preserve the Property or the business of the Debtor, including, without limitation, payments on account of service, maintenance, repairs, insurance and security;

- (l) principal, interest and other payments to holders of security in respect of any of the Property if the amount secured by such security is, in the reasonable opinion of the Debtor, with the concurrence of the Monitor, less than or equal to the fair value of such security after having regard to, among other things, the priority of such security; and
- (m) any other amounts the payment of which is provided for by the terms of this Order,

provided that, unless provided in subparagraphs (a) to (m) listed above, the Debtor shall only be entitled (but not required) to pay costs and expenses that were incurred before the date of this Order with the approval of the Monitor or upon further order in these proceedings. In particular, the Debtor, with the approval of the Monitor, shall be entitled (but not required) to pay such costs and expenses that were incurred before the date of this Order which it considers to be essential to continue the business operations of the Debtor.

***Restructuring***

19. THIS COURT ORDERS that, to facilitate the orderly restructuring of the businesses and affairs (the "**Restructuring**"), the Debtor shall have the right to:
- (a) cease, downsize or shut down any of its operations or locations as it deems appropriate and make provision for the consequences thereof in the Plan;
  - (b) pursue all avenues to market and sell (subject to paragraph 19(c)), all or material parts of the Property of the Debtor, in whole or part;
  - (c) sell, convey, transfer, assign, lease, or in any other manner dispose of the Property or any part or parts thereof:

- (i) in the ordinary course of business without the specific approval of the Court;
  - (ii) out of the ordinary course of business without the specific approval of the Court but with the Monitor's approval, provided that the sale or transaction price in each case does not exceed \$500,000 and \$1.5 million in the aggregate; and
  - (iii) otherwise, subject to prior approval of the Court;
- (d) terminate the employment of such of the respective employees or temporarily or permanently lay off such of their respective employees as deemed appropriate and, to the extent any amounts owing in respect thereof are not paid in the ordinary course as the Debtor may in its discretion determine (including, without limitation, amounts on account of notice, termination or severance pay), to make provision for any consequences thereof in the Plan;
- (e) subject to paragraphs 21 and 22 of this Order, vacate or abandon any leased real property and/or repudiate any lease and ancillary agreements related to any leased premises as they deem appropriate, provided that the Debtor gives the relevant landlord at least seven (7) days' prior written notice, on such terms as may be agreed between the Debtor and such landlord, or failing such agreement, in the case of the Debtor, to make provision for any consequences thereof in the Plan;
- (f) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Debtor deems appropriate on such terms as may be agreed between the Debtor and the relevant counter-party, or failing such agreement, in the case of the Debtor, to make provision for the consequences thereof in the Plan and to negotiate any new or replacement agreements or arrangements; and
- (g) settle claims of customers and suppliers that are in dispute, with the approval of the Monitor.

20. THIS COURT ORDERS that any sale of Property made pursuant to paragraph 19(c) of this Order shall be deemed not to be a sale in bulk and shall be exempt from the application of, and deemed not to be in contravention of any laws of any Province of Canada prohibiting, restricting or regulating the sale of such Property.
21. THIS COURT ORDERS that, if leased premises are vacated or abandoned by the Debtor pursuant to paragraph 19(e) hereof, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of, or prejudice to, any claims or rights of such landlord against the Debtor in respect of the vacating or abandoning of such leased premises, and such landlord shall be entitled to notify the Debtor of the basis on which it is taking possession and gain possession of and release any such leased premises to third parties on such terms as any such landlord may determine, subject to such landlord's obligation, if any, to mitigate any damages claimed in connection therewith.
22. THIS COURT ORDERS that the Debtor shall provide to any relevant landlord, notice of the Debtor's intention to remove any fixtures or leasehold improvements at least seven (7) days prior to the date of intended removal from any leased premises vacated or abandoned by the Debtor. The relevant landlord shall be entitled to have a representative present at the leased premises to observe such removal and, if the landlord disputes the Debtor's entitlement to remove any item under the provisions of the lease, such items shall remain on the premises and shall be dealt with as agreed to between any applicable secured creditors, such landlord and the Debtor or by further order of this Court on five (5) days' notice to such parties. If the Debtor has otherwise vacated the leased premises, it shall not be considered to be in occupation of such location pending resolution of any such dispute.
23. THIS COURT ORDERS that, pursuant to clause 20 (e) of the *Alberta Personal Information Protection Act*, S.A. 2004, c.P-6.5, the Debtor is permitted in the course of these proceedings to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or

strategic partners and to their advisers (individually, a "**Third Party**"), to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction in furtherance thereof, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Debtor, as the case may be, binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Debtor, as the case may be, or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation and implementation of the Plan or a transaction in furtherance thereof, such Third Party shall be entitled to continue to use the personal information in a manner which is in all material respects identical to the prior use of such personal information by the Debtor as the case may be.

***Financing and Banking Services***

24. THIS COURT ORDERS that the Debtor shall be entitled to continue to utilize its banking arrangements currently in place with any financial institution with whom it has or may in the future have banking arrangements, and that any present or future bank providing banking arrangements shall:
- (a) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under such banking arrangements, or as to the use or application by the Debtor of funds transferred, paid, collected or otherwise dealt with in the banking arrangements;
  - (b) be entitled to provide the banking arrangements without any liability, whether statutory, contractual, trust, proprietary or otherwise, in respect thereof to any person, corporation or other entity whatsoever, other than the Debtor, pursuant to the terms of the documentation applicable to the banking arrangements; and

(c) be, in its capacity as provider of the banking arrangements, an unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provision of the banking arrangements.

25. THIS COURT ORDERS that, without limiting the generality of paragraph 6 hereof, all banks and financial institutions at which the Debtor maintains a bank account are hereby restrained from stopping, withholding, redirecting or otherwise interfering with any amount in such account(s) or setting off (subject to paragraph 9(e) hereof) or applying such amounts against any indebtedness owing to that bank or financial institution by the Debtor, or from discontinuing, failing to renew on terms no more onerous than those existing prior to these proceedings, altering, interfering with or terminating such banking arrangements.

26. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Debtor is hereby authorized to borrow, repay and reborrow from its existing lenders, with the approval of the Monitor, such amounts from time to time as the Debtor may consider necessary or desirable.

***Directors and Officers Indemnification and Charge***

27. THIS COURT ORDERS that, in addition to any existing indemnities, the Debtor either shall indemnify each of the Directors, and each Person who in the future is requested by Debtor to act as a Director, and who is acting or does act or is deemed or treated by applicable legislation to be acting as a director, officer or person of a similar position (a "**Responsible Person**") from and against the following (collectively, "**D&O Claims**"):

(a) all costs (including, without limitation, full defence costs), charges, expenses, claims, liabilities and obligations of any nature whatsoever which may arise as a result of any sale of all or part of the Property, the Plan, his or her association with the Debtor as a Director or Responsible Person in each case on or after the date hereof (including, without limitation, an amount paid to settle an action or satisfy a judgment in a civil, criminal, administrative or investigative action or proceeding to which such Director or Responsible Person may be made a party by

reason of being or having been a Director or Responsible Person (as the case may be), provided that such Director or Responsible Person (i) acted honestly and in good faith with a view to the best interests of the Debtor (as the case may be) and (ii) in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, such Director or Responsible Person had reasonable grounds for believing his or her conduct was lawful) except to the extent that such Director or Responsible Person has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct; and

- (b) all costs (including without limitation, full defence costs), charges, expenses, claims, liabilities and obligations relating to the failure of the Debtor at any time to make payments of the nature referred to in paragraphs 17 or 18(b), (c) or (f) of this Order or to pay amounts in respect of employee or former employee entitlements to wages, vacation pay, termination pay, severance pay, pension or other benefits or any other amount for services performed, whether incurred or accruing prior to, on or after the date of this Order and that he or she sustains or incurs by reason of or in relation to his or her association with the Debtor as a Director or Responsible Person (as the case may be), except to the extent that such Director or Responsible Person has actively participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct, provided that the foregoing shall not constitute a contract of insurance and shall not constitute other valid and collectible insurance as such term may be used in any existing policy of insurance issued in favour of the Debtor or any of the Directors or Responsible Persons.

- 28. THIS COURT ORDERS that as security for the obligation of the Debtor to indemnify the Directors and Responsible Persons pursuant to paragraph 27, the Directors and Responsible Persons be and they are hereby granted a fixed lien on, mortgage and hypothec of, and security interest in the property of the Debtor of which their actions as a Director or Responsible Person are being called into question (the "**D&O Charge**"),

having the priority established by paragraphs 43 and 44 hereof. Such D&O Charge shall not constitute or form a trust. Such D&O Charge, notwithstanding any language in any applicable policy of insurance to the contrary, shall only apply to the extent that the Directors and Responsible Persons do not have coverage under the provisions of any applicable directors' and officers' insurance which shall not be excess insurance to the D&O Charge.

***Appointment and Powers of the Monitor***

29. THIS COURT ORDERS that the Monitor be and it is hereby appointed as officer of this Court to monitor the businesses and affairs of the Debtor with the powers and duties set out herein and in the CCAA until discharged by this Court, and that the Monitor shall:
- (a) send notice of the making of this Order, within (10) ten days after the date hereof, to every known creditor of the Debtor having a claim of more than \$250 against it advising that such creditor may obtain a copy of this Order on the internet at the website of the Monitor, namely, [www.Deloitte.ca](http://www.Deloitte.ca) under the insolvency and restructuring link (the "**Website**") and if such creditor is unable to obtain it by that means, such creditor may request a copy from the Monitor and the Monitor shall so provide it. Such notice, shall be sufficient to comply with subsection 11(5) of the CCAA;
  - (b) assist the Debtor, to the extent required by the Debtor, in dealing with its respective creditors and other interested Persons during the Stay Period;
  - (c) monitor the Debtor's receipts and disbursements and assist the Debtor to the extent required by the Debtor with the preparation of cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
  - (d) advise and assist the Debtor to the extent required by the Debtor in reviewing the Debtor's businesses and assessing opportunities for cost reduction, revenue enhancement and operating efficiencies;

- (e) assist the Debtor to the extent required by the Debtor, with the Restructuring, in efforts to sell, convey, transfer, assign, lease or in any other manner dispose of the Property or any part or parts thereof, and in its negotiations with its respective creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (f) report to the Court on the state of the business and financial affairs of the Debtor or developments in these proceedings or any related proceedings at such times as required by the CCAA and at such other times as considered appropriate by the Monitor or as the Court may order;
- (g) report to the Court and interested parties, including but not limited to affected creditors pursuant to the Plan, with respect to the Monitor's assessment of, and recommendation in respect of, the Plan;
- (h) be at liberty to obtain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (i) be at liberty to engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceedings, under this Order or under the CCAA;
- (j) be at liberty to serve as a "**foreign representative**" of the Debtor in any proceedings outside of Canada;
- (k) be at liberty to give any consents or approvals as are contemplated by this Order; and
- (l) perform such other duties as are required by this Order, the CCAA or the Court from time to time,

but shall not otherwise interfere with the business carried on by the Debtor and the Monitor is not empowered to take possession of the Property nor to manage any of the business or affairs of the Debtor.

30. THIS COURT ORDERS that the Debtor and its respective directors, officers, employees, consultants and agents and all other Persons having notice of this Order shall forthwith provide the Monitor with unrestricted access to all of the Property, including, without limitation, the premises, books, records, data (including data in electronic form) and all other financial documents of the Debtor in connection with the Monitor's duties and responsibilities hereunder.
31. THIS COURT ORDERS that the Monitor may provide creditors and other relevant stakeholders of the Debtor with information in response to reasonable requests made by them in writing addressed to the Monitor and copied to the Debtor's counsel. The Monitor shall not have any duties or liabilities in respect of such as provided in paragraph 33. In the case of information that the Monitor has been advised by the Debtor is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Debtor unless otherwise directed by this Court.
32. THIS COURT ORDERS that the Monitor shall not be, nor be deemed to be, an employer or a successor employer of the employees of the Debtor or a related employer in respect of the Debtor within the meaning of any federal, provincial or municipal legislation governing employment, labour relations, pay equity, employment equity, human rights, health and safety or pensions or any other statute, regulation or rule of law or equity for any similar purpose whatsoever and, further, that the Monitor shall not be, nor be deemed to be, in occupation, possession, charge, management or control of the Property or business or affairs of the Debtor pursuant to any federal, provincial or municipal legislation, statute, regulation or rule of law or equity which imposes liability on the basis of such status including, without limitation, the *Environmental Protection and Enhancement Act*, RSA 2000 c. E-12, the *Occupational Health and Safety Act*, RSA 2000 c. 0-2, or similar other federal or provincial legislation.

33. THIS COURT ORDERS that, in addition to the rights and protections afforded to the Monitor under the CCAA, elsewhere in this Order or as an officer of the Court, the Monitor shall not incur any liability or obligation as a result of its appointment, the fulfilment of its duties or its carrying out of the provisions of this Order (including, without limitation, with respect to any report or any information provided to claimants), save and except any liability or obligation arising from the gross negligence or wilful misconduct of the Monitor, and no action or other proceedings shall be commenced against the Monitor relating to its appointment or its conduct as Monitor or carrying out the provisions of any order of this Court, except with prior leave of this Court, on at least (7) seven days' notice to the Monitor and its counsel and upon further order securing, as security for costs, the solicitor and own client costs of the Monitor, if any, in connection with any such action or proceeding. The entities related to or affiliated with the Monitor referred to in paragraph 29(h) hereof shall also be entitled to the protections, benefits and privileges afforded to the Monitor pursuant to this paragraph.
34. THIS COURT ORDERS that the Debtor shall pay the fees and disbursements of each of the Monitor, the Monitor's legal counsel, the Debtor's legal counsel and the Debtor's financial and other advisers, whether incurred before or after the making of this Order, and shall provide each with a reasonable retainer on account of such fees and disbursements if so requested.

***The Administration Charge***

35. THIS COURT ORDERS that the Monitor, counsel to the Monitor and counsel to the Debtor, as security for the professional fees and disbursements incurred both before and after the making of this Order in respect of these proceedings, general corporate and litigation matters, the Plan and the Restructuring in accordance with the provisions hereof, shall be entitled to the benefit of and are hereby granted a lien on, mortgage and hypothec of, and security interest in the Property (the "**Administration Charge**"), having the priority established by paragraphs 43 and 44 of this Order.

***Retention of Key Personnel***

36. THIS COURT ORDERS that the management retention plan for the benefit of the 4 individuals performing a management function ("**Management**") as set out in the **Fehr Affidavit**, (the "**Management Retention Plan**") is approved and the Debtor is authorized and directed to enter into and perform its obligations under the Management Retention Plan.
37. THIS COURT ORDERS that the key employee retention plan for the benefit of certain employees of the Debtor (the "**Employees**") as set out in the **Fehr Affidavit** (the "**Employee Retention Plan**") is approved, and the Debtor is authorized and directed to enter into and perform its obligations under the Employee Retention Plan.
38. THIS COURT ORDERS that the Debtor is authorized to execute and deliver such additional or auxiliary documents as may be necessary to give effect to the Management Retention Plan and the Employee Retention Plan (collectively, the "**Retention Plans**").
39. THIS COURT ORDERS that the Management and the Employees shall be entitled to the benefit of and are hereby granted a lien on, mortgage and hypothec of, and security interest in the Property in the aggregate and maximum amount of \$300,000 (the "**Retention Plans Charge**") as security for the payment of the amounts that the Management and the Employees may become entitled under the Retention Plans, and that the Management and Employees rank *pari passu* as among themselves with respect to the allocation of any such proceeds.
40. THIS COURT ORDERS that the Retention Plans Charge shall have the priority established by paragraphs 43 and 44 of this Order.

***Payment of Trade Creditors***

41. THIS COURT ORDERS that the obligations incurred by the Debtor to trade creditors for the supply of goods services and/or services after the date of the making of this Order ("**Post-Petition Trade Creditors**") shall be paid in accordance with the terms of credit or other arrangements with the Debtor. For greater clarity:

- (a) if a trade creditor has a claim in respect of goods and/or services supplied over a period beginning before January 30, 2007 and continuing to or after the date of this Order, such creditor is a Post-Petition Trade Creditor only for the portion of such claim which relates to goods and/or services supplied on or after January 30, 2007; and
- (b) no trade creditor is a Post-Petition Trade Creditor for goods and/or services supplied before January 30, 2007 solely because payment for such goods and/or services was due on or after January 30, 2007 of any pre-existing agreement, contract, lease or other arrangement of whatever kind, between such creditor and the Debtor.

42. Post-Petition Trade Creditors shall be entitled to the benefit of and are hereby granted a lien on, mortgage and hypothec of, and security interest in the Property and are hereby granted a charge in the aggregate and maximum amount of Seven Hundred and Fifty Thousand (\$750,000) Dollars (the "**Post-Petition Trade Creditors' Charge**") as security for indebtedness incurred by them on or after January 30, 2007 up to and including the Stay Date, having the priority established by paragraph 44 hereof.

***Priorities and General Provisions Relating to CCAA Charges***

43. THIS COURT ORDERS that the priorities of the Administration Charge and the D&O Charge, the Retention Plans Charge (collectively, the "**CCAA Priority Charges**"), as between them with respect to any Property to which they apply, shall be as follows:

- (a) first, the Administration Charge;
- (b) second, the D&O Charge; and
- (c) third, the Retention Plans Charge.

44. The Post-Petition Trade Creditors' Charge, shall rank subsequent to the Administration Charge, the D&O Charge, the Retention Plans Charge and to the claims of all secured creditors of the Debtor but in priority to the claims of unsecured creditors.

45. The Administration Charge, the D&O Charge, the Retention Plans Charge and the Post-Petition Trade Creditors' Charge are hereinafter collectively referred to as the "CCAA Charges".
46. THIS COURT ORDERS that each of the CCAA Priority Charges shall rank in priority to any and all other liens, charges, security interests, encumbrances or security of whatever nature or kind (the "**Encumbrances**") affecting any of the Property, except the following:
- (a) existing purchase-money security interests registered in accordance with applicable personal property security legislation and recognized under such legislation as being entitled to priority over the security of the existing lenders in place as of the date hereof;
  - (b) in respect of any real property, existing (i) zoning, use and building by-laws and ordinances, federal, provincial or municipal by-laws and regulations as to the use of such Property; (ii) notices of lease; (iii) subdivision agreements, site plan control agreements, development agreements, servicing agreements and other similar agreements with municipal and other governmental authorities; and (iv) permits, reservations, restrictions, covenants, servitudes, watercourse, rights of water, rights of access or user licenses, easements, rights-of-way and rights in the nature of easements;
  - (c) future purchase-money security interests registered in accordance with applicable personal property security legislation and recognized under such legislation as being entitled to the priority of purchase-money security interests; and
  - (d) Encumbrances in respect of the Property of the Debtor arising by operation of law (other than as a result of a default in payment or performance of an obligation by the Debtor) without any grant of a security interest by the Debtor and that are given priority over prior fixed charges by statute law in the event of the bankruptcy of the Debtor.

47. THIS COURT ORDERS that the Debtor shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Priority Charges unless the Debtor obtains the prior written consent of the Monitor and the prior approval of the Court, and any Encumbrances granted by the Debtor contrary to this Order shall be void.
48. THIS COURT ORDERS that each of the CCAA Charges shall attach, as of the Effective Time of this Order, to all present and future Property of the Debtor (including, without limitation, any lease, sub-lease, offer to lease, licence, permit or other contract) notwithstanding any requirement for the consent of the lessor or other party to any such lease, licence, permit or contract or any other Person or the failure to comply with any other condition precedent.
49. THIS COURT ORDERS that the necessity for giving or obtaining any consent or the failure to comply with any condition precedent, (each as referred to in paragraph 48 hereof), is hereby dispensed with and the absence of any such consent or fulfillment of condition precedent shall not cause a breach or default under any such lease, licence, permit or contract.
50. THIS COURT ORDERS that the CCAA Charges shall be valid and enforceable and not be rendered invalid or unenforceable and the rights and remedies of the beneficiaries of the CCAA Charges shall not otherwise be limited or impaired in any way by: (i) the pendency of these proceedings and the declaration of insolvency made herein; (ii) any petition for a receiving order issued pursuant to the BIA in respect of the Debtor or any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of the Debtor; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing agreement, lease, sub-lease, offer to lease or other arrangement which binds the Debtor (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) the creation of any of the CCAA Charges shall not create or be deemed to constitute a breach by the Debtor of any Third Party Agreement to which it is a party; and
  - (b) none of the beneficiaries of the CCAA Charges shall have liability to any Person whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
51. THIS COURT ORDERS that notwithstanding: (i) the pendency of these proceedings and the declaration of insolvency made in these proceedings; (ii) any petition for a receiving order issued pursuant to the BIA in respect of any of the Debtor or CCAA Parties and any receiving order made pursuant to any such petition or any assignment in bankruptcy made or deemed to be made in respect of any of the Debtor or CCAA Parties; and (iii) the provisions of any federal or provincial statute, and the payments or disposition of Property made by the Debtor pursuant to this Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law
52. THIS COURT ORDERS that the beneficiaries of the CCAA Charges shall not be required to file, register, record or perfect the CCAA Charges and that the CCAA Charges shall be valid and enforceable as against all Property of the Debtor and against all Persons (including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Debtor) for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the creation of the CCAA Charges hereby, notwithstanding any failure to file, register, record or perfect the CCAA Charges.

***General***

53. THIS COURT ORDERS that this Order and the proceedings in this Application leading to the making of this Order, including the contents of any Affidavit filed in this Application, shall not, in and of themselves, constitute or be relied upon in evidence or

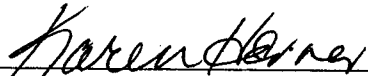
otherwise as constituting a default or failure to comply by the Debtor or any Person owned directly or indirectly by the Debtor under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other instrument or requirement.

54. THIS COURT ORDERS that, except as otherwise specified herein, the Debtor and/or the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective addresses as last shown on the records of the Debtor and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or (3) three business days after mailing if by ordinary mail.
55. THIS COURT ORDERS that the Debtor and/or the Monitor may serve any court materials in these proceedings (including, without limitation, application records, motion records, facts and orders) on all represented parties electronically, by emailing a PDF or other electronic copy of such materials (other than any book of authorities) to counsels' email addresses as recorded on the service list, and posting a copy of the materials to the Website as soon as practicable thereafter, provided that the Debtor shall deliver hard copies of such materials to any party requesting same as soon as practicable thereafter.
56. THIS COURT ORDERS that any party in these proceedings (other than the Debtor) may serve any court materials (including, without limitation, application records, motion records, facts and orders) electronically, by emailing a PDF or other electronic copy of all materials (other than any book of authorities) to counsels' email addresses as recorded on the service list; provided that such party shall deliver both PDF or other electronic copies and hard copies of full materials to counsel to the Debtor and the Monitor and to any other party requesting same and the Debtor shall cause a copy to be posted to the Website, all as soon as practicable thereafter.

57. THIS COURT ORDERS that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings unless such Person has served a Demand of Notice on the solicitors for the Debtor and the Monitor and has filed such notice with this Court.
58. THIS COURT ORDERS that the Debtor or the Monitor may, from time to time, apply to this Court for directions in the discharge of their respective powers, duties and rights hereunder or in respect of the proper execution of this Order on notice only to each other.
59. THIS COURT ORDERS that upon a reasonable time after receiving notice of this order, any interested Person, (including the Debtor,) may apply to this Court to vary or rescind this Order upon four (4) clear days' notice to the Debtor, the Monitor and to any other party likely to be affected by the Orders sought or upon such other notice, if any, as this Court may order.
60. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Debtor, and any interested Person, may apply at any time to this Court, on four (4) clear days' notice to the Debtor and the Monitor and to any other Person likely to be affected by the Orders sought or upon such notice, if any, as this Court may order.
61. THIS COURT ORDERS that this Order and any other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
62. THIS COURT ORDERS that the Monitor, with the prior consent of the Debtor, shall be at liberty and is hereby authorized and empowered to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders in other jurisdictions which aid and complement this Court in carrying out the terms of this Order and any subsequent orders made in these proceedings and, without limitation to the foregoing, for the purposes of obtaining an order under the U.S. Bankruptcy Code, the Monitor shall act and be deemed to be the foreign representative of the Debtor. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make

such orders and to provide such assistance to the Monitor as may be deemed necessary or appropriate for that purpose.

63. THIS COURT SEEKS AND REQUESTS the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian Federal Court or administrative body and any Federal or State Court or administrative body in the United States of America or elsewhere to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

  
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J.C.C.Q.B.A.

ENTERED THIS 30TH DAY  
OF JANUARY, 2007.

**V.A. BRANDT**



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Clerk of the Court

Action No. 0701-01113 2007

**IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
JUDICIAL DISTRICT OF CALGARY**

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**IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT,  
R.S.C., 1985, C-36, AS AMENDED**

**AND IN THE MATTER OF  
CARIBOU RESOURCES CORP.  
DEBTOR**

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**INITIAL ORDER**

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**BLAKE, CASSELS & GRAYDON LLP**

Barristers and Solicitors  
3500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4J8

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File No.: 83478/17

