

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF the *Companies' Creditors
Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
of SIGNATURE ALUMINUM CANADA INC.

Applicant

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing on January 29, 2010, at 10:00 a.m., at 330 University Avenue, Toronto, Ontario.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: January 28, 2010

Issued by _____
Local registrar

Address of the Court Office:

330 University Avenue
Toronto, Ontario

APPLICATION

1. The Applicant will make an application for:
 - (a) an Order dispensing with service on all creditors of the Applicant with the exception of those parties listed on the Service List attached to the Notice of Application;
 - (b) leave to bring this Application on short notice;
 - (c) an Order under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("CCAA") in a form to be filed with the court; and
 - (d) such further and other relief as this Honourable Court may deem just.

2. **THE GROUNDS FOR THE APPLICATION ARE:**

Background

- (a) The Applicant is in the business of manufacturing of customized, made-to-order aluminum extrusions. The Applicant performs (a) casting services, in which aluminum ingots and alloys are melted into billets for extruding, (b) extrusion services, where aluminum is pushed through a die and formed into lineal shapes, and (c) further manufacturing processes, such as fabrication and painting;
- (b) The 2009 global recession has led to a pervasive decline in demand for aluminum extruded products, putting pressure on volumes and pricing as the industry continues to struggle with overcapacity. The Applicant has been equally susceptible to market forces. While the Applicant's business experienced significant losses prior to its acquisition by its current ownership in 2008, the current market environment and global recession have hampered turnaround efforts, making the Applicant's losses unsustainable;

- (c) Moreover, 6919464 Canada Inc., now continued as 3241715 Nova Scotia Limited (“324”) has demanded repayment of the sum of \$30,940,156.96 owing by the Applicant to 324. 324 is the sole shareholder of the Applicant;
- (d) In addition, one of the Applicant’s major suppliers in the past twelve months, Rio Tinto Alcan Inc. has issued a claim against the Applicant for unpaid accounts in the Superior Court in Quebec, which was received on January 20, 2010;
- (e) As a result of the Applicant’s financial difficulties, by a demand dated January 28, 2010, (the “Biscayne Demand”) Biscayne Metals Finance, L.L.C. (“Biscayne”), a senior secured creditor of the Applicant which is an indirect affiliate of the Applicant, has demanded that the Applicant honour its guarantee of certain obligations owed by 324’s parent, Arch Acquisition Inc. (“Arch”) to Biscayne;
- (f) The Applicant is insolvent and is a company to which the CCAA applies. The Applicant requires a stay of proceedings from its creditors in order to identify a going concern solution to its liquidity problems;

Plan Support Agreement

- (g) In order to facilitate a restructuring and enable a going concern solution, Biscayne has agreed to the terms of a Plan Support Agreement dated January 28, 2010 with the Applicant (the “Plan Support Agreement”). Biscayne has agreed to forbear the enforcement of its remedies as against the Applicant and Arch, provided that the Applicant undertake these proceedings and enter into the Plan Support Agreement;
- (h) The Plan Support Agreement provides that Biscayne will either: (a) fund a plan of arrangement and compromise, in form and substance satisfactory to Biscayne (the “Plan”); or (b) together with 324, offer \$25 million for substantially all of the assets of the Applicant, to be credited against the obligations of the Applicant to Biscayne and 324 (the “Credit Bid”);

Marketing Process

- (i) Before seeking court approval to either file the Plan or accept the Credit Bid, the Applicant intends to conduct a marketing process (the "Marketing Process") to determine if it is possible to identify a purchaser for the Applicant's assets and business that would make a higher and better offer for the assets of the Applicant. In such event, the Applicant intends to attend before the Court to seek approval of the additional steps necessary to determine the highest and best offer or series of offers, and complete the Marketing Process;
- (j) If, following the Marketing Process, no offer is identified that is higher and better than the Credit Bid, the Applicant intends to seek the Court's approval to either file the Plan or, if the Plan cannot be achieved, to accept the Credit Bid;

DIP Financing

- (k) In order to facilitate these CCAA proceedings, Biscayne has agreed to provide DIP Financing to the Applicant in the maximum principal amount of U.S. \$1,800,000 which will permit the Applicant to continue its operations and pursue a going concern solution. Approval of the proposed DIP Financing is sought herein to ensure that the Applicant has sufficient funding to continue operations through the CCAA proceedings;

Conclusion

- (l) If the requested relief is not granted, the most likely scenario is cessation of business and the liquidation of the Applicant's assets on a piecemeal basis. This result will have an immediate adverse impact on the Applicant's employees, suppliers, customers and secured creditors. The Applicant does not anticipate there being any value for unsecured creditors in a liquidation scenario;
- (m) the provisions of the CCAA, as amended, and the equitable jurisdiction of this Court;

- (n) the grounds as more fully set out in the Affidavit of Parminder Punia, filed herewith;
- (o) Rules 2.03, 3.02 and 14.05(2) of the Rules of Civil Procedure; and
- (p) such further and other grounds as counsel may advise and this Honourable Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) the Affidavit of Parminder Punia sworn January 28, 2010 and the exhibits annexed thereto;
- (b) the consent of FTI Consulting Canada Inc. ("FTI Canada") to act as Monitor;
- (c) The Pre-filing Report of FTI Canada in its capacity as proposed Monitor; and

- (d) such further and other evidence as counsel may advise and this Honourable Court may admit.

January 28, 2010

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
199 Bay Street, Suite 2800
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Katherine McEachern LSUC#38345M
Tel: (416) 863-2566
Fax: (416) 863-2653

Linc Rogers LSUC#43562N
Tel: (416) 863-4168
Fax: (416) 863-2653

Lawyers for the Applicant,
Signature Aluminum Canada Inc.

Court File No.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C., 1985 c. C-36
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
SIGNATURE ALUMINUM CANADA INC.

Applicant

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF APPLICATION

BLAKE, CASSELS & GRAYDON LLP
Box 25, Commerce Court West
Toronto, Ontario M5L 1A9

Katherine McEachern LSUC#: 38345M
Tel: (416) 863-2566
Fax: (416) 863-2653

Linc Rogers LSUC# 43562N
Tel: (416) 863-4168
Fax: (416) 863-2653

Lawyers for the Applicant,
Signature Aluminum Canada Inc.