


DEC 06 2012  
ENTERED  


In the Supreme Court of British Columbia

WINSTON RESOURCES INC.

Petitioner

IN THE MATTER OF SECTIONS 288 TO 299 OF THE *BUSINESS CORPORATIONS ACT*,  
S.B.C. 2002, CHAPTER 57, AS AMENDED

**ORDER MADE AFTER APPLICATION**

	)		)
	)		)
BEFORE	)	THE HONOURABLE JUSTICE	)
	)	<u>Adcock</u>	)
	)		)
	)		)

06/Dec/2012

ON THE APPLICATION of the Petitioner, Winston Resources Inc., coming on for hearing at Vancouver, B.C. on 6/Dec/2012 and on hearing Chilwin Cheng, counsel for the Petitioner;

AND UPON READING the Petition filed on 6/Nov/2012; the Affidavit #1 of Danny Wettreich made 6 November 2012; the Affidavit #2 of Danny Wettreich made 05/Dec/2012; and the Interim Order of Master Taylor pronounced on 9/Nov/2012;

AND UPON all of the terms of the Interim Order having been complied with and the requisite approval of the Winston Shareholders having being obtained at the Special Meeting of the Petitioner called and held in accordance with the Interim Order;

AND UPON BEING ADVISED by counsel for the Petitioner that this Honourable Court's approval of the Arrangement will serve as the basis of a claim to an exemption for the distribution of securities pursuant to the Plan of Arrangement, from the registration requirements of the United States *Securities Act of 1933*, pursuant to Section 3(a)(10) thereof;

AND UPON IT APPEARING that the terms and conditions of the Arrangement, as described in the Plan of Arrangement which is attached hereto as Schedule "A", may properly be approved by this Honourable Court;

THIS COURT ORDERS that:

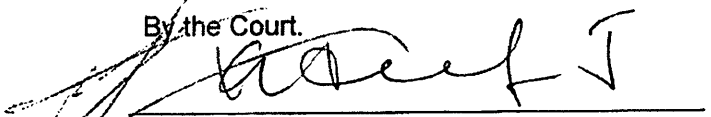
1. the Arrangement, as provided for in the Plan of Arrangement which is attached hereto as Schedule "A", including the terms and conditions thereof and the issuances and exchanges of securities contemplated therein, is fair and reasonable;
2. the Arrangement, as provided for in the Plan of Arrangement, be and hereby is approved pursuant to the provisions of section 291(4)(a) of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended; and
3. The Petitioner shall be entitled to seek the advice and direction of this Court as to the implementation of this Order or to apply for such further Order or Orders as may be appropriate.

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



Signature of  
 party  lawyer for Petitioner

Chitwin Cheng

By the Court.  
  
Registrar



No. S-127822  
Vancouver Registry

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JLV/nsu

Matter#12-3954

## SCHEDULE A

### PLAN OF ARRANGEMENT

#### ARTICLE I

##### DEFINITIONS AND INTERPRETATION

###### 1.1 Definitions

In this Plan of Arrangement the following capitalized words and terms shall have the following meanings:

"Arrangement", "herein", "hereof", "hereto", "hereunder" and similar expressions mean and refer to the proposed arrangement involving Winston, Hadley and Zara and the Winston Shareholders pursuant to the Arrangement Provisions on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof,

"Arrangement Agreement" means the arrangement agreement among Winston, Hadley and Zara, dated the 22<sup>nd</sup> day of October 2012, and all amendments thereto;

"Arrangement Provisions" means Division 5 of Part 9 of the BCA;

"Arrangement Resolution" means the special resolution in respect to the Arrangement and other related matters to be considered at the Winston Meeting;

"Assets" means the assets of Winston described in Schedule "A" to the Arrangement Agreement;

"BCA" means the *Business Corporations Act*, (British Columbia), as amended or replaced from time to time;

"Business Day" means any day other than Saturday, Sunday and a statutory holiday in the Province of British Columbia;

"Circular" means the management information circular to be sent to the Winston Shareholders in connection with the Winston Meeting;

"Court" means the Supreme Court of British Columbia;

"Effective Date" means the Business Day following the date of the Final Order, the date that Arrangement shall become effective under the BCA;

"Final Order" means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"Hadley" means Hadley Mining Inc., a private company incorporated under the Ontario Business Corporations Act;

"Hadley Distribution Shares" means the Hadley Shares that are to be distributed to the Winston Shareholders pursuant to §2.4;

**"Hadley Shareholder"** means the sole holder of Hadley Shares, which shall remain Winston until the completion of the Plan of Arrangement;

**"Hadley Shares"** means the common shares without par value in the authorized share structure of Hadley;

**"Interim Order"** means an interim order of the Court concerning the Arrangement, containing declarations and directions with respect to the Arrangement and the holding of the Winston Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

**"Parties"** means Winston, Hadley and Zara, and **"Party"** means any one of them;

**"Plan"** or **"Plan of Arrangement"** means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and the Arrangement Agreement;

**"Registrar"** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCA;

**"Share Distribution Record Date"** means the Record Date for the Winston Meeting, which date establishes the Winston Shareholders who will be entitled to receive Hadley Shares and Zara Shares pursuant to this Plan of Arrangement;

**"Tax Act"** means the *Income Tax Act* (Canada), as amended;

**"Transfer Agent"** means Capital Transfer Agency Inc.;

**"Winston"** means Winston Resources Inc., a company incorporated under the BCA;

**"Winston Meeting"** means the special meeting of Winston Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

**"Winston Shareholder"** means a holder of Winston Shares;

**"Winston Shares"** means the common shares without par value in the authorized share structure of Winston;

**"Winston Shareholders"** means the holders of Winston Common Shares;

**"Zara"** means Zara Resources Inc., a private company incorporated under the Ontario Business Corporation Act;

**"Zara Distribution Shares"** means the Shares that are to be distributed to the Winston Shareholders pursuant to §2.4;

**"Zara Shareholder"** means the sole holder of Zara Shares, which shall remain Winston until the completion of the Plan of Arrangement;

**"Zara Shares"** means the common shares without par value in the authorized share structure of Zara;

**12 Interpretation Not Affected by Headings**

The division of this Plan of Arrangement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement.

**13 Article References**

Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Plan of Arrangement.

**14 Number and Gender**

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders; and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental agency, political subdivision or instrumentality thereof).

**15 Capitalized Terms**

Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Arrangement Agreement.

**16 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties falls on a day that is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

**17 Currency**

All references to currency in this Plan of Arrangement are to Canadian dollars.

**ARTICLE 2**

**ARRANGEMENT**

**21 Arrangement Agreement and Effective Date**

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement as it may be amended and in accordance with the directions of the Court. The Arrangement as set forth in the Plan of Arrangement will become effective on the Effective Date in accordance with the terms thereof and hereof.

**22 Conditions Precedent**

The implementation of this Plan of Arrangement is expressly subject to the fulfillment and/or waiver by the Party or Parties entitled of the conditions precedent set out in the Arrangement Agreement.

### 2.3 Binding Nature

The Arrangement shall become final and conclusively binding on the Winston Shareholders, the Hadley Shareholder, the Zara Shareholder, Winston, Hadley and Zara, on the Effective Date.

### 2.4 Arrangement Procedure

On the Effective Date the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding any other provisions hereof, but subject to the provisions of Article 3:

#### Hadley

- a) Winston shall transfer the specified Assets to Hadley and Hadley shall issue 25,000,000 Hadley Shares to Winston, of which 2,580,979 Hadley Shares (the "Hadley Distribution Shares") shall be immediately transferred to the Winston Shareholders as a dividend, as contemplated by §2.4 (b);
- b) Winston shall transfer the Hadley Distribution Shares to each Winston Shareholder on the basis of 1 Hadley Distribution Share for every 25 Winston Shares held as of the Share Distribution Record Date; and
- c) each holder of Hadley Distribution Shares shall be added to the central securities register of Hadley.

#### Zara

- d) Winston shall transfer the specified Assets to Zara and Zara shall issue 25,000,000 Zara Shares to Winston, of which 2,580,979 Zara Shares (the "Zara Distribution Shares") shall immediately be transferred to the Winston Shareholders as a dividend, as contemplated by §2.4 (c);
- e) Winston shall transfer the Zara Distribution Shares to each Winston Shareholder on the basis of 1 Zara Distribution Share for every 25 Winston Shares held as of the Share Distribution Record Date; and
- f) each holder of Zara Distribution Shares shall be added to the central securities register of Zara.

### 2.5 Fractional Shares

Notwithstanding §2.4(b) and (e), no fractional Hadley Shares or Zara Shares shall be distributed to the Winston Shareholders and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Hadley Distribution Shares or Zara Distribution Shares not distributed as a result of such rounding shall be dealt with as determined by the board of directors of Winston in its absolute discretion.

### 2.6 Valid Issuance of Shares

All shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCA.

### 2.7 Further Acts

Notwithstanding that the transactions or events set out in this Article 2 occur and shall be

deemed to occur in the order herein set out without any further act or formality, each of Winston, Hadley and Zara agree to make, do and execute or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required by it in order to further document or evidence any of the transactions or events set out in this Article 2 including, without limitation, any resolutions of directors authorizing the issue, transfer or cancellation of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor and any necessary additions to or deletions from share registers.

#### **2.8 Trades after the Share Distribution Record Date**

Winston Shares traded after the Share Distribution Record Date shall not carry any right to receive a portion of the Hadley Distribution Shares or the Zara Distribution Shares.

### **ARTICLE 3**

#### **DISSENTING SHAREHOLDERS**

3.1 Notwithstanding Article 2 hereof, holders of Winston Shares may exercise rights of dissent (the "Dissent Right") in connection with the Arrangement pursuant to the Interim Order, if any, and in the manner set forth in sections 237 to 247 of the BCA (appended to the Information Circular for the Winston Meeting) (collectively, the "Dissent Procedures").

3.2 Winston Shareholders who duly exercise Dissent Rights with respect to their Winston Shares ("Dissenting Shares") and who:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Winston for cancellation immediately before the Effective Date; or
- (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Winston Shareholder and shall receive Hadley Distribution Shares and Zara Distribution Shares on the same basis as every other non-dissenting Winston Shareholder.

3.3 If a Winston Shareholder exercises the Dissent Right, Winston shall on the Effective Date set aside and shall not distribute that portion of the Hadley Distribution Shares or Zara distribution Shares that is attributable to the Winston Shares for which the Dissent Right has been exercised. If the dissenting Winston Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Winston shall distribute to such Winston Shareholder his, her or its pro rata portion of the Hadley Distribution Shares and the Zara Distribution Shares. If a Winston Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Winston shall retain the portion of the Distributed Hadley Shares and the Zara Distribution Shares attributable to such Winston Shareholder (the "Non-Distributed Shares"), and the Non-Distributed Shares shall become assets of Winston and shall be dealt with as determined by the board of directors of Winston in its absolute discretion.



#### ARTICLE 4

##### AMENDMENTS

4.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:

- (a) set out in writing;
- (b) filed with the Court and, if made following the Winston Meeting, approved by the Court; and
- (c) communicated to holders of Winston Shares, Hadley Shares and Zara Shares, as the case may be, if and as required by the Court.

4.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Winston at any time prior to the Winston Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Winston Meeting (other than as may be required under the Interim Order, if any), shall become part of this Plan of Arrangement for all purposes.

4.3 Winston, with the consent of Hadley and Zara, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Winston Meeting and prior to the Effective Date with the approval of the Court.

4.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by all of the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of the Parties or any former Winston Shareholder, Hadley Shareholder or Zara Shareholder, as the case may be.

#### ARTICLE 5

##### REFERENCE DATE AND TERMINATION

5.1 This Plan of Arrangement is dated for reference the date first written in the Arrangement Agreement.

5.2 At any time up until the time the Final Order is made, the Parties may mutually determine not to proceed with this Plan of Arrangement, or to terminate this Plan of Arrangement, notwithstanding any prior approvals given at the Winston Meeting. In addition to the foregoing, this Plan of Arrangement shall automatically, without notice, terminate immediately and be of no further force or effect, upon the termination of the Arrangement Agreement in accordance with its terms.