

**ALBERTA SECURITIES COMMISSION**  
**VARIATION OF A CEASE TRADE ORDER**

**Raymor Industries Inc.**

**Background**

Raymor Industries Inc. (the **Filer**) has made an application to the Executive Director of the Alberta Securities Commission (the **Executive Director**) for an order to vary a cease trade order dated 15 September 2009 (the **Cease Trade Order**).

Pursuant to subsection 17(2) of the *Securities Act* (Alberta) (the **Act**), the Executive Director has made an Authorization Order dated 23 November 2009 (the **Authorization**), which includes authorizing the undersigned to revoke certain orders issued under section 33.1 of the Act.

**Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer is a company incorporated under the *Alberta Business Corporations Act* (the **ABCA**), whose head office is located in Boisbriand, Québec, who operates in the fields of nanotechnology and metal powders.
2. The Filer is a reporting issuer in each of the provinces of Alberta, British Columbia and Québec.
3. The Filer's common shares are listed for trading on the TSX Venture Exchange (the **TSX-V**) under the symbol "RAR".
4. On January 16, 2009, the Filer, experiencing cash flow problems, filed a notice of intention to make a proposal to its creditors under the *Bankruptcy and Insolvency Act* (the **BIA**).
5. On February 23, 2009, the TSX-V issued a halt trade order prohibiting transactions in securities of the Filer.
6. On April 15, 2009, the Filer submitted its proposal under the BIA, which was approved by its creditors during a creditors' meeting held on April 30, 2009 and approved by the Superior Court of Québec (the **Court**) on May 1, 2009.
7. The Filer issued a press release on April 27, 2009 and filed a material change report on April 30, 2009 to announce a notice of default in accordance with National Policy 12-203 *Cease Trade Orders for Continuous Disclosure Defaults* stating that it was not in a position to file its annual financial statements, auditor's report, and management's discussion and analysis (**MD&A**) for the year ended December 31, 2008, as well as the certification of filings of the Chief Executive Officer and Chief Financial Officer required under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (the **CEO and CFO Certifications**) (collectively, the **Annual Filings**).

8. On September 15, 2009, the ASC issued an order prohibiting trading of the securities of the Filer due to the fact that its Annual Filings and its interim financial statements, interim MD&A and CEO and CFO Certifications for the financial quarters ending March 31, 2009 and June 30, 2009 had not been filed by the Filer within the time prescribed (the **ASC Cease Trade Order**).
9. The British Columbia Securities Commission (the **BCSC**) and the Autorité des marchés financiers (the **AMF**) issued orders prohibiting trading of the securities of the Filer (the BCSC and the AMF cease trade orders, collectively with the ASC Cease Trade Order, the **Cease Trade Orders**). The Filer applied for partial revocation of the Cease Trade Orders in each of the provinces of Alberta, British Columbia and Québec.
10. On December 4, 2009, the Filer received an investment offer from Georges Durst, Rolland Veilleux and Family Trust Mario Véronneau (the **Buyer**) providing for the subscription by the Buyer to new common shares of the Filer (the **New Common Shares**) for a maximum amount of up to \$6,500,000 (the **Private Placement**).
11. The Private Placement is conditional, amongst other things, upon (i) a reorganization of the share capital of the Filer which provides for: (a) creating an unlimited number of redeemable common shares; (b) creating an unlimited number of new common shares and new preferred shares; (c) automatically converting all the issued and outstanding common shares into redeemable common shares; (d) automatically cancelling all the authorized and unissued common shares and preferred shares; and (e) automatically cancelling all warrants, options, rights to purchase shares, share subscription rights and conversion rights of the Filer and the redemption of the redeemable common shares, the whole for a nominal value (the **Reorganization**) and (ii) the approval of the Court.
12. The Court approved on January 27, 2010, amongst other things, all trades in connection with the Reorganization without any shareholder approval being required.
13. The Court of Queen's Bench of Alberta issued an order dated February 1, 2010, whereby the order issued by the Superior Court of Québec is confirmed and recognized, and is enforceable in all respects as if an order had been made by the Court of Queen's Bench of Alberta. The Court of Queen's Bench of Alberta granted all of the relief set forth in the order issued by the Superior Court of Québec that is necessary in order to give effect thereto.
14. At the closing of the Transactions (as defined below) to occur on or before February 5, 2010 (the **Closing**), only the Buyer and the holders of certain debt, having elected to receive new preferred shares will be shareholders of the Filer. All of those holders are residents of Québec.
15. An application to delist the common shares of the Filer on the TSX-V will be filed promptly following the Closing.
16. If the Private Placement does not take place or no other offer is submitted to the Filer, the Filer would have no other viable alternative available than to file for bankruptcy. In these circumstances, taking into account the amounts owed to the creditors and the specific nature of Filer's assets, the shareholders of the Filer would very likely not receive any consideration.

17. The transactions under the terms of the Reorganization (collectively, the **Transactions**) entail trading of securities; therefore, they cannot be concluded without obtaining the Partial Revocation of ASC Cease Trade Order.
18. The Transactions will be concluded in compliance with applicable laws.
19. The Filer has always complied with the Cease Trade Orders and any other cease trade mentioned above and with the applicable securities legislation, regulations and instruments, except for the defaults that lead to the issuance of the Cease Trade Orders and other continuous disclosure defaults since the issuance of such Cease Trade Orders.
20. The Filer seeks to vary the ASC Cease Trade Order to permit the Filer to conduct the Private Placement and Transactions. The Private Placement and Transactions are intended to take place in British Columbia, Alberta and Québec. The Filer will rely on the exemption found in section 2.11 of National Instrument 45-106 *Prospectus and Registration Exemptions for the proposed Private Placement*.

### **Decision**

The undersigned, being of the opinion that it would not be prejudicial to the public interest to do so, orders under the Authorization that the Cease Trade Order is varied to permit the Private Placement and Transactions.

5 February 2010

“original signed by”  
Cheryl McGillivray  
Manager, Corporate Finance