

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

**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 50.4(9) OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE PROPOSAL OF  
THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD.,  
HAT BIT SUPPLY LTD., DBC INTERNATIONAL INC., DUNN TRUCKING LTD. AND  
R ENVIRONMENTAL LABS LTD.**

**OF THE TOWN OF TABER, IN THE PROVINCE OF ALBERTA**

**NOTICE OF MOTION**

**TAKE NOTICE THAT** an application will be made by counsel for THE DIAMOND BULLET CORPORATION, PREMIERE MANUFACTURING LTD., HAT BIT SUPPLY LTD., DBC INTERNATIONAL INC., DUNN TRUCKING LTD. and R ENVIRONMENTAL LABS LTD. (the "**Debtor Companies**") before Justice J.D.B. McDonald at the Calgary Courts Centre, 601 – 5<sup>th</sup> Street SW, Calgary, Alberta, on Friday the 9<sup>th</sup> day of January, 2009, at the hour of 9:30 o'clock in the forenoon or so soon thereafter as counsel may be heard for an Order:

1. Abridging the time for service of this motion, that this motion is properly returnable on Friday, January 9, 2009 and further service of the Notice of Motion, other than those listed on the service list is hereby dispensed with;
2. Extending the time for the Debtor Companies to file the proposal to their creditors to Monday, February 23, 2009;
3. Confirming service of the notice hereof on the solicitors for the HSBC Bank of Canada (the "**Bank**") and the solicitors for Lorna Moores and Three Cloud Properties Ltd. (jointly referred to as the "**Shareholder Creditor**"), as proper and valid service;
4. Such further and other relief as counsel may request and this Honourable Court deems just.

**AND FURTHER TAKE NOTICE THAT** the grounds upon which the Plaintiff intends to rely include the following:

- a. On October 27, 2008, the Debtor Companies filed a notice of intention to make a proposal (“**NOI**”) under subsection 50.4(1) of the *BIA*.
- b. On November 25, 2008, this Honourable Court granted orders extending the time for making a proposal to January 9, 2009;
- c. On December 4, 2008, Meyers Norris Penny Limited was appointed interim receiver (the “**Receiver**”) over Premiere Manufacturing Ltd. (“**Premiere**”) for the purpose of providing an orderly disposition of the assets of Premiere, maximizing recovery for the benefit of the Bank and the rest of the Debtor Companies’ creditors, secured and unsecured, to allow the Debtor Companies to develop a viable proposal, and continuing to operate Premiere until the Receiver finds it is not commercially reasonable to continue operations;
- d. Premiere and the Debtor Companies are manufacturers, distributors and vendors of drill bits used by the oil and gas industry with the following significant assets owned by Premiere being:
  - i. Drill bits (the “**Drill Bits**”) appraised at between \$8,924,840 on a liquidation basis and \$11,337,250 on a fair market value basis; and
  - ii. An industrial plant building located in Taber, Alberta appraised at between \$375,000 and \$415,0000.
- e. The Debtor Companies continue to operate, collect accounts receivable and pay payroll obligations.
- f. The Receiver has advertised the Drill Bits and sent sales packages on December 15, 2008 to over 20 parties who have shown interest in the Drill Bits.
- g. The Debtor Companies have had preliminary discussion with a potential purchaser to purchase the Debtor Companies as a going concern and discussion are ongoing.

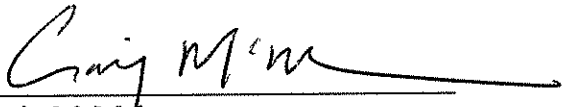
- h. The Debtor Companies have been acting in good faith, with due diligence and no creditors will be materially prejudiced by this extension request; and
- i. Such other grounds as counsel may advise and the Court may permit.

**AND FURTHER TAKE NOTICE THAT** the Debtor Companies will rely upon the following in support of this Application:

- a. Affidavit of Rick Souther sworn November 20, 2008, filed;
- b. Affidavit of Rick Souther sworn November 28, 2008, filed;
- c. Affidavit in Reply of Rick Souther sworn December 3, 2008, filed;
- d. Affidavit of Rick Souther sworn January 7, 2009, filed;
- e. Affidavit of Service, filed;
- f. The First Trustee's Reports, filed;
- g. The Second Trustee's Report, filed;
- h. The Receiver's Report, filed;
- i. Section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended; and
- j. Such further and other materials as counsel for the Debtor Companies may advise and this Honourable Court may permit.

**DATED** at the City of Calgary, in the Province of Alberta this 7<sup>th</sup> day of January, 2009.

**GOWLING LAFLEUR HENDERSON LLP**

Per:   
Craig McMahon  
Solicitors for the Debtor Companies

TO: The Clerk of the Court

AND TO: The Service List attached  
hereto as Schedule "A"

**Schedule "A"**

**Service List**

<b>Counsel</b>	<b>Facsimile No.</b>	<b>Counsel for:</b>
Office of the Superintendent of Bankruptcy Industry Canada Room 510, 639 - 5th Avenue S.W. Calgary, Alberta T2P 0M9	403-292-5188	
Fraser Milner Casgrain LLP 30th Floor, Fifth Avenue Place 237 - 4th Avenue S.W. Calgary, Alberta T2P 4X7  Attention: Robert Kennedy e-mail: <a href="mailto:robert.kennedy@fmc-law.com">robert.kennedy@fmc-law.com</a>		The HSBC Bank of Canada
Torry Lewis Abells LLP 110, 220 - 4 Street South Lethbridge, Alberta T1J 4J7  Attention: Greg K. Norman e-mail: <a href="mailto:tflagkn@telus.net">tflagkn@telus.net</a>		Three Clouds Properties Ltd. and Lorna Moore
Meyers Norris Penny Limited 300, 622 - 5 <sup>th</sup> Avenue S.W. Calgary, Alberta T2P 0M6  Attention: Verne Wood e-mail: <a href="mailto:verne.wood@mnp.ca">verne.wood@mnp.ca</a>		
McCarthy Tetrault 3300, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta T2P 4K9  Attention: Sean Collins e-mail: <a href="mailto:scollins@mccarthy.ca">scollins@mccarthy.ca</a>		Receiver

Court No. 25-1124515  
Estate No. 25-1124515

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Gowling Lafleur Henderson LLP  
Barristers & Solicitors  
1400, 700 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4V5

Responsible Solicitor:  
Craig McMahon

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File No. A114525

